



No 9331.113A 315

Pts. 47-50



GIVEN BY

U.S. DEPT. OF COMMERCE

1009

INVESTIGATION OF IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD

HEARINGS

BEFORE THE

SELECT COMMITTEE

ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD

EIGHTY-FIFTH CONGRESS

SECOND SESSION

AND

EIGHTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS
AND SENATE RESOLUTION 44, 86TH CONGRESS

APRIL 24, 1958; MARCH 11, 12, 17, 18, AND 19, 1959

PART 49

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

HEARINGS BEFORE THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD EIGHTY-FIFTH CONGRESS SECOND SESSION AND EIGHTY-SIXTH CONGRESS FIRST SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS
AND SENATE RESOLUTION 44, 86TH CONGRESS

APRIL 24, 1958; MARCH 11, 12, 17, 18, AND 19, 1959

PART 49

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

Boston Public Library
Superintendent of Documents

JUL 28 1959

DEPOSITORY

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR
MANAGEMENT FIELD

JOHN L. McCLELLAN, Arkansas, *Chairman*

KARL E. MUNDT, South Dakota, *Vice Chairman*

JOHN F. KENNEDY, Massachusetts

BARRY GOLDWATER, Arizona

SAM J. ERVIN, Jr., North Carolina

CARL T. CURTIS, Nebraska

FRANK CHURCH, Idaho

HOMER E. CAPEHART, Indiana

ROBERT F. KENNEDY, *Chief Counsel*

RUTH YOUNG WATT, *Chief Clerk*

CONTENTS

**TAXICAB DRIVERS, MAINTENANCE AND GARAGE HELPERS LOCAL UNION No.
777, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHICAGO, ILL.**

	Page
Appendix.....	1806-3
Documents submitted by Occidental Life Insurance Co. of California.....	18063-79
Testimony of—	
Abata, Dominic.....	17749, 17759
Adler, Maurice.....	17829
Balaban, Jack S.....	17793, 17824, 17834, 17836, 17963
Blum, George.....	17800
Calabrese, Alphonse F.....	17732, 17758, 17790, 17810, 17813, 17825, 17841, 17853, 17871, 17880, 17951
Chaddick, Harry P.....	17974, 17982
Chez, Lawrence.....	17918
Clinch, John J., Jr.....	18042, 18052
Coca, Clovis Joseph.....	17842
Comforte, Victor.....	17816, 17818
Connors, James L.....	17723
Crane, Elmer.....	17954, 17964
Creitz, Allen L.....	17929
Dandy, John P.....	17985
Dudek, Walter.....	17771
Gaglione, Michael B.....	18001, 18004
Glinco, Joseph P.....	17701, 17725, 17845, 17948, 17952
Kofkin, Oscar.....	17842
Linzer, Louis.....	17943
Mallec, John.....	17778
Marcie, George.....	17834, 17835
Maris, Harland R.....	17965, 17971
Matual, Barney.....	18020
McDowell, Roy.....	17943
Mundie, James F.....	17817, 17822, 17970, 18011
Murray, John W.....	17954, 17964, 17982
Murray, Laverne.....	17811
Nelson, Arthur.....	17762
Nulty, Leo C.....	17783
O'Brien, John T.....	18007, 18016, 18062
Pantaleo, Frank V.....	17806
Schultz, Carl M.....	18051
Schultz, Jerome.....	17918
Senese, Dominic.....	17785
Sheridan, Walter J.....	18003, 18051
Sumner, Samuel.....	17773, 17780
Thieme, Harry.....	17739
Uhlmann, Martin S.....	17864, 17871, 17880
Williams, John D.....	17793
Wrixon, L. W.....	17911

EXHIBITS

	Introduced on page	Appears on page
1. 46 checks of various dates in 1954, 1955, and 1956 all payable to A. V. Nelson in various amounts, drawn by Sumner Bros.....	17767	(*)
1A. 5 checks of various dates in 1944 and 1945, all payable to A. V. Nelson in various amounts, drawn by Sumner Bros.....	17768	(*)

*May be found in the files of the select committee.

EXHIBITS—Continued

	Introduced on page	Appears on page
2. 75 checks of various dates in 1955 and 1956, all payable to John Mallec in various amounts, drawn by Sumner Bros.....	17776	(*)
3. Two checks Nos. 4920 and 5050 dated August 4, 1956, payable to Pioneer Trust & Savings Bank as Trustee under trust No. 9386, in the amounts of \$16,723.02 and \$15,069.97 respectively, drawn on St. Paul Federal Savings and endorsed by Joseph P. Glimco and LaVerne Murray.....	17795	(*)
4. Schedule of payments from local 777 to Frank V. Pantaleo.....	17797	(*)
4A. 10 checks of various dates in 1952 and 1953 all payable to Frank Pantaleo in various amounts drawn by local union No. 777.....	17797	(*)
4B. 10 check stubs of various dates in 1952 and 1953 showing checks in various amounts drawn to Frank Pantaleo for "Contractor on Acct.".....	17797	(*)
5. Minute book, International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers, Local No. 777, December 1, 1952.....	17799	(*)
6A-F. Documents relating to the purchase of Joseph P. Glimco's home and deed of trust thereon.....	17800	(*)
7. Chart showing arrangement of rooms constructed in the meeting hall or local 777.....	17802	(*)
8. Estimate of cost of doing new construction and new decorating and new work on the second floor made by George Blum.....	17803	(*)
8A. Photograph of building of Taxicab Drivers Union, Local 777.....	17805	(*)
9. Voucher and hotel bills for April 1956 for James Hoffa testimonial dinner, reimbursed to Connors, Kofkin, Glimco, and Coca.....	17810	(*)
10. Bill to Joseph Glimco from Hotel Bel Air, Los Angeles, dated July 2, 1953, in the amount of \$1,045.65.....	17813	(*)
10A. Check No. 11408, dated July 9, 1953, payable to Hotel Bel Air in the amount of \$1,045.65 drawn by local No. 777, signed by Joseph P. Glimco and George Marcie.....	17813	(*)
10B-O. Hotel ledger sheets, handwriting samples, and other documents related to the above.....	17815	(*)
11. Vouchers and other documents relating to the 1957 Teamsters convention in Miami Beach, Fla., and the purchase of a lot by local 777 from Sun Valley, Inc., Miami, Fla.....	17827	(*)
12. Hotel bill, ledger sheet, and check No. 2845 in the amount of \$216.43, payable to the Bismarek Hotel, Chicago, drawn by local Union 777.....	17828	(*)
13. Vouchers and ledger sheets from the Woodner Hotel, Washington, D.C., showing charges to "Kofkin and party", and checks in various amounts, payable to the Woodner Hotel, drawn by local 777 on various dates in June, July, and August 1957.....	17828	(*)
14A. Check No. 1070 dated February 17, 1954, payable to Cash in the amount of \$100 drawn by Don Marcie, Inc.....	17840	18080
14B. Check No. 1487 dated December 31, 1955, payable to Taxicab Drivers Union in the amount of \$500 drawn by Don Marcie, Inc.....	17840	18081
14C. Check stubs Nos. 1070 and 1487 for the two checks described above.....	17840	18082
15. Record showing salary payments to Joseph P. Glimco, Jr., by Best Sanitation & Supply Co.....	17840	(*)
16. Invoice No. 11205 from Gro-Mar Construction Co. Schor Glass Co. to Taxicab Drivers Union, Local 777, in the amount of \$2,750.....	17840	18083

*May be found in the files of the select committee.

EXHIBITS—Continued

	Introduced on page	Appears on page
17. Summary of payments from local 777 to Orchid Flower Shop, 1950-57-----	17842	(*)
18. Affidavit of Titus Haffa-----	17842	(*)
19. Statements from Tam O'Shanter Enterprises to George Marcie, and checks in various amounts payable to Tam O'Shanter Enterprises, drawn by local union 777, with check stubs marked "for entertaining"-----	17842	(*)
20. Chart entitled "21 Chicago cases, Occidental Life Insurance Co. of California"-----	17856	18084
21. Termination agreement between Occidental Life Insurance Co. of California and the Wheeler-Maris Co., effective October 31, 1957-----	17863	(*)
22. Letter dated January 7, 1949, addressed to Mr. Allen L. Creitz, Regional Group Supervisor, Occidental Life Insurance Co., Chicago, Ill., from Harland R. Maris-----	17892	(*)
22A. Letter dated January 18, 1949, addressed to Mr. Harland R. Maris from Allen L. Creitz, Regional Group Supervisor, Occidental Life Insurance Co. of California-----	17892	(*)
22B. Letter dated April 4, 1949, addressed to Elmer E. Crane, Crane, Kearney, Korzen & Phelan, Chicago, Ill., from Harland R. Maris-----	17893	(*)
22C. Letter dated April 8, 1949, to "Dear Harland" and signed "Allen"-----	17893	(*)
22D. Letter dated November 4, 1949, addressed to "Mr. Allen L. Creitz" from "Harland R. Maris"-----	17894	(*)
23. Draft of proposed employment contract submitted to Harland R. Maris by L. W. Wrixon-----	17894	(*)
24. Letter dated October 6, 1950, addressed to Mr. Harland Maris, re: Commission Drivers, Chauffeurs, Warehouse Helpers Union, Local 703, from Allen L. Creitz, regional group supervisor, Occidental Life Insurance Co. of California-----	17895	18085
25. Letter dated December 7, 1950, addressed to Mr. Harland Maris from Allen L. Creitz, regional group supervisor, Occidental Life Insurance Co. of California-----	17897	18086
26. Letter dated January 8, 1951, addressed to Allen L. Creitz, Occidental Life Insurance Co. from Aileen Tipton, secretary to Mr. Maris-----	17897	18087
27. Letter dated January 10, 1951, addressed to John W. Murray, Chicago, Ill., from Harland R. Maris-----	17897	(*)
28. Letter dated January 22, 1951, addressed to Frank Brown, Chicago, Ill., from Harland R. Maris-----	17903	(*)
29. Letter dated February 2, 1951, addressed to Mr. Harland R. Maris, Chicago, Ill., from L. W. Wrixon--	17903	(*)
29A. Minutes of special meeting of the board of directors of Dearborn Insurance Agency, Inc.-----	17904	(*)
30. Letter dated February 2, 1951, to Mr. Jerome Schultz, Young, Schultz & Co., Chicago, Ill., from Harland R. Maris-----	17904	(*)
31. Trust agreement, between Harland R. Maris, as grantor, and La Salle National Bank of Chicago, as trustee, establishing trusts Nos. 12117 and 12158; with related documents-----	17907	(*)
32. Letter dated April 11, 1951, addressed to Mr. Harland Maris, from Allen L. Creitz, Occidental Life Insurance Co. of California-----	17907	18088
33. Letter dated April 12, 1951, addressed to Harland Maris from Allen L. Creitz, Occidental Life Insurance Co. of California-----	17908	18089

*May be found in the files of the select committee.

	Introduced on page	Appears on page
34A. Check No. 1097, dated December 21, 1955, payable to Laverne Murray in the amount of \$100 drawn by Dearborn Insurance Agency-----	17925	18090
34B. Check No. 1396, dated December 13, 1956, payable to Laverne Murray in the amount of \$250 drawn by Dearborn Insurance Agency-----	17925	18091
34C. Check No. 1658, dated December 13, 1957, payable to Laverne Murray, in the amount of \$500, drawn by Dearborn Insurance Agency-----	17925	18092
35A. Group policy claim of Taxicab Drivers Union Local 777 for dependent Lucille Markov, wife of Robert S. Markov, in the amount of \$125-----	17932	(*)
35B. Group policy claim of Taxicab Drivers Union Local 777 for Ruth Pritikin, wife of William Pritikin, in the amount of \$123.85-----	17932	(*)
36. Letter dated October 24, 1951 addressed to J. P. Dandy, vice president, home office, Chicago Group Department, re Taxicab Drivers, Maintenance & Garage Helpers Union Local 777, Policy No. 2383 LDAH, from Allen L. Creitz, regional group supervisor-----	17951	18093
37. Document, "Endorsement to Policy No. 3416 LDAH," policyholder, Taxicab Drivers, Maintenance & Garage Helpers Union, Local 777, dated May 7, 1957-----	17952	(*)
38. Check and stub No. 175, dated July 24, 1951, payable to James Blakely in the amount of \$200 drawn by Harland R. Maris (special account)-----	17964	18094
39. 16 checks, 6 drawn in 1950, 7 in 1951, and 3 in 1952, totaling \$57,700, payable to Harland R. Maris, drawn by Dearborn Insurance Agency-----	17973	(*)
40. Letter dated November 14, 1957, addressed to J. P. Dandy, vice president, Occidental Life Insurance Co. of California, from T. C. Rogan, chairman, Chicago Downtown Hotels, local joint executive board-----	17994	(*)
40A. Letter dated November 22, 1957 addressed to T. C. Rogan, chairman, Chicago Downtown Hotels, local joint executive board of the H. & R. E. and B.I.U. Health and Welfare Trust, from J. P. Dandy-----	17998	(*)
40B. Letter dated October 18, 1957, addressed to T. C. Rogan, chairman Downtown Hotels, local joint executive board of the H. & R. E. and B. I. U. health and welfare trust, from J. P. Dandy, vice president-----	17998	(*)
41. Bill from Hotel Statler, Cleveland, to Raymond Gaglione, dated February 1955, in the amount of \$31-----	18003	(*)
41A. Check No. 13435 dated March 18, 1955, payable to Statler Hotel in the amount of \$30 for Sam DiCaro, room 1215, drawn by Taxicab Drivers Union Local 777-----	18003	(*)
41B. Check No. 13328 dated February 13, 1955, payable to Statler Hotel, in the amount of \$205.74, drawn by Taxicab Drivers Union Local 777-----	18003	(*)
42. Minutes of meeting of the executive board of local 710 at Stock Yard Inn, June 25, 1953-----	18013	(*)
43. Minutes of meeting of Meat Drivers and Helpers, Highway Drivers, Dockmen, and Helpers Local Union 710 held on September 9, 1953-----	18013	(*)
44. Chart showing breakdown of salary, vacation, Christmas, commission, and accrued commissions of John T. O'Brien, secretary-treasurer, local 710, as per payroll records for the years 1952 through 1956----	18014	(*)

*May be found in the files of the select committee.

EXHIBITS—Continued

	Introduced on page	Appears on page
45. Minutes of the executive board meeting of Meat Drivers and Helpers, Highway Drivers, Dockmen and Helpers, local 710, October 28, 1956-----	18015	(*)
46. Chart showing breakdown of salary, commissions, vacation, Christmas, commissions and accrued commissions of Frank Charles Schmitt, president, local 710 as per payroll records for the years 1952 through 1958-----	18017	(*)
47. Chart showing breakdown of salary, vacation, Christmas, commissions, and accrued commissions of Frank T. Brown, president, local 710, as per payroll records for the years 1952 through 1958---	18018	(*)
48. Chart showing breakdown of salary, vacation, Christmas, commissions and accrued commissions of Michael Joseph Healy, vice president of local 710, as per payroll records for the years 1952 through 1958-----	18018	(*)
49. Recapitulation of payments to officers of local 710, 1952-58-----	18018	18095
50. Agreement between Star Union Products Co. and local No. 46 dated January 3, 1958-----	18032	(*)
51. Handwritten memorandum, dated June 25, 1956, addressed to Star Bottling Co., signed by John J. Clinch, Jr.-----	18057	(*)
52. Extension of contract between Star Union Products Co. and local union No. 46, dated February 5, 1959---	18059	(*)
53. Undated agreement between John J. Clinch, Jr. and John T. O'Brien acting on behalf of Local 46 of the Teamsters Union-----	18059	(*)
Proceedings of—		
April 24, 1958-----		17701
March 11, 1959-----		17731
March 12, 1959-----		17793
March 17, 1959-----		17853
March 18, 1959-----		17911
March 19, 1959-----		18007

*May be found in the files of the select committee.

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, APRIL 24, 1958

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES,
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 221, agreed to January 29, 1958, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Barry Goldwater, Republican, Arizona; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Carl Curtis, Republican, Nebraska; Senator Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, Chief Counsel; Jerome S. Adlerman, Assistant Chief Counsel; P. Kenneth O'Donnell, Administrative Assistant; Alphonse F. Calabrese, Investigator; Jack S. Balaban, Investigator; Ruth Young Watt, Chief Clerk.

(At the start of the hearing, the following members are present: Senators McClellan, Church, Curtis, Ervin, and Goldwater.)

The CHAIRMAN. The committee will come to order.

Mr. Counsel, call your first witness.

Mr. KENNEDY. Mr. Joseph Glimco.

The CHAIRMAN. Be sworn, please. You do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. GLIMCO. I do.

TESTIMONY OF JOSEPH P. GLIMCO, ACCOMPANIED BY COUNSEL, BENEDICT F. FITZGERALD, JR.

The CHAIRMAN. Mr. Kennedy, you may make a brief statement of the purpose of this hearing.

Mr. KENNEDY. Mr. Chairman, we are investigating and looking into, in accordance with our mandate from the Senate, improper activities in the labor or management field. One of the areas that has interested us is the misuse of union funds and the misuse of pension and welfare funds.

This is a category in which we are interested, in this particular case, in connection with local 777 of the Teamsters and Mr. Joey Glimco. Beyond that, we are interested in racketeer and gangster penetration of unions and of businesses.

Mr. Glimco is also being called because of our interest in the latter category, the hoodlum penetration of certain labor unions and certain

management associations, and the necessity for management associations and groups to get labor peace through a gangster or hoodlum element in a particular city. Mr. Glimco is being called because of his knowledge and information on that matter today. He will be recalled at a later time, Mr. Chairman, but today we are particularly anxious to get his books and records and the books and records of local 777 in Chicago.

The CHAIRMAN. The purpose of ascertaining these facts, of course, is so that the Congress may legislate in those fields to prevent, if it can, the improper practices of bribery, extortion, pay-offs, infiltration of the labor movement with known criminals, people who operate in that capacity, who serve labor bosses, and also who impose on the public.

Congress is very much interested in trying to ascertain the nature and extent to which criminal practices or other improper practices are being engaged in, in the labor movement, and in management-labor relations.

That also applies to business associations, management associations, where practices are being engaged in that the Congress might regard as improper, and would want to legislate regarding that particular area or in these areas.

Mr. Glimco, state your name, your place of residence, and your business or occupation.

Mr. GLIMCO. Joseph Paul Glimco, 629 Selbourne Road, Riverside, Ill.

The CHAIRMAN. Your occupation, please?

Mr. GLIMCO. Gentlemen, I respectfully decline to answer, claiming the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. Mr. Glimco, do you have counsel?

Mr. GLIMCO. Yes.

The CHAIRMAN. Counsel, will you identify yourself for the record, please, sir?

Mr. FITZGERALD. My name is Benedict F. FitzGerald, Jr., with offices at suite 983 in the National Press Building, attorney at law in the District of Columbia and the Commonwealth of Massachusetts.

The CHAIRMAN. Thank you very much.

Mr. COUNSEL. Proceed.

Mr. FITZGERALD. If I may be permitted to make a general objection before we go into this, to the constitution of this committee and the interrogation of this witness, I would like to give you a paragraph on my impression. We are going to claim the privileges guaranteed to us under the first, fourth, fifth, and eighth amendments of the Constitution of the United States.

I would like to state that I have advised my client, Mr. Glimco, that this legislative investigation is improper because the sole and basic purpose of this interrogation of this particular witness seems to be to expose him or to develop evidence for use in criminal prosecutions or in other proceedings.

I have advised my client that there is no legislative power for such a purpose. I want to respectfully direct the committee's attention to the fact that they have already prejudged this particular witness.

They have branded him in no uncertain terms. I respectfully refer you to page 449 of your majority report, which has been executed and adopted by a majority of this committee, in which they allude to

Joseph P. Glimco in some rather unfavorable terms, indicating that they have prejudged this case and that they want to go after him.

I also refer to frequent press releases made by the chairman, in which he has indicated that he intends to expose certain witnesses, and I feel that expose is directed toward my client, and, naturally, we object to it. We have no objection to any hearings being conducted for a legislative purpose, but when they go far afield to expose for the sake of exposure, then, of course, we object to them.

That is our position here today. We also take objection to the newsreels, photocameras, exploding flashbulbs, the bright lights, and all those other things which disqualify this as a judicial arena.

The CHAIRMAN. The Chair has heard your statement, and your objections, of course, now are part of the record. Your objections are overruled. Your statement that the purpose of this is only to expose the witness is inaccurate. It is not based upon fact. We have to have witnesses if we are to carry out the mandate of the Senate in creating this committee. Certainly there are exposures in the course of an investigation. One of the purposes of the investigation is to get information, and information not heretofore known might involve exposure of a witness, or of a practice, or of a conduct of a labor organization, or of a business or management.

The purpose of it is for legislation, and the Senate today is in process of considering legislation that has grown out of investigations being made in the pension and welfare funds. Other legislation is pending in the Senate and in the Congress with respect to other improper activities and practices that this committee has brought to light through what counsel terms as "exposure."

The committee will continue its function. It will undertake to carry out the mandate that Congress has given it, that the Senate has given it. This witness will be treated with every courtesy that we treat every witness with. If he will cooperate, we will be glad to cooperate with him in every way possible. But he is here under subpoena, the power of the Congress to have him present and to have him interrogated by this committee representing the Senate of the United States, and we shall proceed accordingly.

Senator ERVIN. Mr. Chairman, I would also suggest that if this witness has been done any injury by any previous findings of this committee, that he is now accorded a full and complete opportunity to point out to the committee any errors in any findings of this committee, and if he can disclose such evidence by making a full and fair and honest disclosure of the true facts, he would be rendering not only a service to himself, but a service to the committee and a service to his country.

The CHAIRMAN. Are there any other comments of members of the committee?

Mr. FITZGERALD. In answer to the respected Senator from North Carolina, I want to point out that we don't choose to take this particular forum to vindicate my client's position. I want to again allude to page 449 of the Senate report, whereby my client was unjustly branded with the following remark, which was adopted by the majority, and I quote:

The committee said that this man, Joseph P. Glimco—

was twice arrested for murder, was the crony of Capone gang mobsters, who is the trustee of a Chicago local in Hoffa's central conference.

With respect to the arrests, I want to point out that the mere fact that a man might have been arrested has very little, if any, probative value.

The CHAIRMAN. Just a moment. If the witness wants to make any explanation of it, that will be his privilege. I am not going to sit here and let the lawyer argue facts. You have made the motion and stated your position as attorney and how you have advised him. That is quite proper. But for you to undertake to testify for the witness will not be permitted.

Counsel requested that the lights be turned off and no flash pictures be made. For the moment, turn off the lights. The still cameramen will refrain from taking any pictures for the present.

All right, Mr. Glimco, the Chair asked you a moment ago to state your occupation or profession or business. Will you please so state?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege to protect me from being a witness against myself.

The CHAIRMAN. As I understood from your attorney, but I want to determine from you—your attorney is representing you, that is true—I want to determine from you whether you propose to cooperate with the committee in giving testimony and answering questions that the committee may ask you.

Can you state whether you will or will not?

(The witness conferred with his counsel.)

Mr. GLIMCO. That depends on the question. I will wait for each question.

The CHAIRMAN. I have given you one. It depends on that. Will you state your occupation, business, or profession?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair finds, and I submit it to the committee, that a witness who wouldn't answer the question as to his business or occupation is not cooperating with the committee.

Unless there is objection on the part of the committee, the Chair will permit the cameras to operate and pictures to be made. I will not permit any flash pictures while the witness is testifying for the present, but I am not going to give accommodation to this witness that we do not give to others, particularly when a witness will not cooperate.

The rule of the committee permits if a witness says that lights or pictures, or those things, might detract, if he feels they might detract from his capacity to concentrate, or might, in other words, interfere with his testifying freely, the committee has always respected the request and directed that no pictures be taken and that the lights be turned off.

Where a witness proposes not to cooperate, I don't think that he can ask special favors of the committee.

It is always in the discretion of the committee as to whether the press shall be present, whether the photographers should be present, whether radio or other services may be privileged to be present.

That is the ruling of the Chair. Do I hear any objection from members of the committee?

The Chair hears none. The ruling of the Chair will stand. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, the primary purpose of calling Mr. Glimco at this time was to obtain from him certain books and records over which he has custody. When our staff investigators attempted to contact him in Chicago, he was not available for an interview. We wish to have his own personal books and records. He has been served a subpoena for that purpose. We also wish to have the books and records of local 777, dealing with their pension and welfare funds.

The CHAIRMAN. Do we have the subpoena?

Senator GOLDWATER. Pardon me, Mr. Counsel. Would you tell us the connection of Mr. Glimco with 777?

Mr. KENNEDY. Initially, Senator, he was the trustee of local 777, which is the taxicab local in Chicago. Recently he has become its president, and that is the present position that he holds. In addition to that, he has a number of businesses that he operates in the Chicago area. But at the present time, we would like to get his personal records which deal with his businesses as well as the pension and welfare funds.

The CHAIRMAN. Do we have the subpoena that was served on him?

Mr. KENNEDY. Yes.

The CHAIRMAN. It can be placed in the record at this point.

L-2136

UNITED STATES OF AMERICA
CONGRESS OF THE UNITED STATES

To JOSEPH PAUL GLIMCO, 629 Selbourne Road, Riverside, Ill., Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, on Thursday, April 24, 1958, at 9 o'clock a.m., at their committee room, 101, Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and produce the data set forth in schedule No. 1, attached hereto and made a part hereof.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To ----- to serve and return.

Given under my hand, by order of the committee, this 8th day of April, in the year of our Lord one thousand nine hundred and fifty-eight.

JOHN L. McCLELLAN,
Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

SCHEDULE No. 1

To produce for the period from January 1, 1949, to date—

(1) All bank statements, canceled checks, check stubs, duplicate deposit slips, deposit receipts, savings account records, safety deposit box records, and any and all other records reflecting your personal banking transactions, and those jointly with your wife, with any bank, savings and loan association, building and loan agency, or any other agency or individual.

(2) All records reflecting loans by you, or upon your behalf, made to or received from any source.

(3) All records reflecting all other sources of income and the amounts thereof which you personally, or jointly with your wife, received from any source other than from the local 777, IBT.

(4) All records reflecting assets, such as trusts, stocks, Government or municipal bonds, corporate or partnership shares, and ownership in whole or in part of any business or enterprise held by you personally, or jointly with your wife, and/or in the names of your children.

(5) All records reflecting any realty transactions or realty holdings by you personally, or jointly with your wife, together with pertinent data showing the equity held therein and any liens, notes secured by deeds of trust or mortgages, or other indebtedness against such realty.

(6) All correspondence or other records reflecting any dealings by you, or upon your behalf, with any realty companies.

(7) All diaries, calendars reflecting appointments, and appointment books maintained by you or upon your behalf, at your home and offices.

(8) All your personal income tax returns, or those filed jointly by you and your wife, both Federal and State, from January 1, 1949, to date.

Served this writ on the within named Joseph P. Glimco by delivering a copy thereof to him in person this 19th day of April A. D. 1958 and at the same time informing him of the contents thereof.

W. W. KIPP, Sr.,

U.S. Marshal.

By SALVATORE R. CAVELLI,

Deputy.

Mr. Glimco, you were served with a subpoena to produce here today your personal records, your business records, and also to produce the records of the pension and welfare funds of local 777.

Have you complied with that subpoena?

(The witness conferred with his counsel.)

Mr. GLIMCO. I have no personal records, but I have health and welfare records in my possession.

The CHAIRMAN. You say you have no personal records of your business transactions, dealings?

Mr. GLIMCO. No.

The CHAIRMAN. What became of them?

Mr. GLIMCO. I have none.

The CHAIRMAN. I know you say you have none. Have you kept no records of your business affairs, personal affairs?

(Witness conferred with his counsel.)

Mr. GLIMCO. With respect to business records, I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Then with respect to your business records that have been subpoenaed, you take the fifth amendment, is that correct?

(The witness conferred with his counsel.)

Mr. GLIMCO. I have no business records.

The CHAIRMAN. Well, you also take the fifth amendment with respect to any interrogation about them. I just asked you if you had had, or if you had kept any such records.

(The witness conferred with his counsel.)

Mr. GLIMCO. My answer is I have no business records in my custody.

The CHAIRMAN. That isn't responsive to the question. You stated you have none. I am asking you if you have had and if in the past you have kept records of your business and personal transactions.

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs the witness to answer the question. You are, therefore, ordered and directed to answer the question with respect to whether you have in the past kept business records of your personal and business transactions.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Do you decline to answer, notwithstanding the orders and directions of the committee?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. I think, under the circumstances, you would be required to answer, and the Chair so holds. I have directed you twice to answer. You have invoked the fifth amendment. So the record on that point is made.

Do you have the records of the local 777, the records pertaining to its pension and welfare fund?

(The witness conferred with his counsel.)

Mr. GLIMCO. Yes.

The CHAIRMAN. Do you have them in your possession?

(The witness conferred with his counsel.)

Mr. GLIMCO. Yes.

The CHAIRMAN. Where are they?

(The witness conferred with his counsel.)

Mr. GLIMCO. Here, with me.

The CHAIRMAN. In response to the subpoena you received, you did bring the pension and welfare fund records of local 777?

(The witness conferred with his counsel.)

Mr. GLIMCO. I did, sir.

The CHAIRMAN. You are president of that local at present, are you?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair orders, with the permission of the committee, the Chair orders, and directs you to answer the question whether you are presently president of local 777.

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Do you honestly believe that if you answered the question truthfully with respect to whether you are now president of Teamster local 777, that a truthful answer to such question might tend to incriminate you?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. You are ordered and directed to answer that question, with the permission of the committee. The Chair will so order and direct you.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. You have stated that you have the records of the welfare and pension fund with you?

Mr. GLIMCO. I do.

The CHAIRMAN. How did you procure them?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Do you have those records now in your possession by reason of your official position in local 777, of the Teamster Union?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Are you now prepared to comply—first, the Chair will order and direct you to answer the question, with the permission of the committee. That will be order and direction of the Chair.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question. I take the view that a witness cannot just capriciously and without some justification, at least, invoke the fifth amendment, when he states under oath that he declines to answer a question because an answer thereto might tend to incriminate him, and thus invokes the fifth amendment.

I think the committee has a right to inquire of the witness if he honestly believes that a truthful answer to the question might tend to incriminate him. If he didn't honestly believe it, I doubt the validity of his privilege of invoking the fifth amendment.

I want to make the record clear.

You invoke the fifth amendment on the question, and I want to simply make the record clear as to whether you are in good faith invoking it, or whether it is just being invoked capriciously, simply to try to avoid answering questions.

(The witness conferred with his counsel.)

The CHAIRMAN. I will ask you again—repeat the question, Mr. Reporter.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. All right. It is understood. The Chair, then, with the permission of the committee again orders and directs you to answer the question.

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. In the subpoena that was served upon you, you were ordered and directed to turn over the welfare and pension fund records of local 777 of the Teamsters Union to the committee. Are you now prepared to comply with the orders and directions of the subpoena that has been served on you?

(The witness conferred with his counsel.)

Mr. GLIMCO. I am prepared to show you the records that I have brought, but I do not wish to turn them over to strangers, or to have them leave my custody. You may examine them.

The CHAIRMAN. Will you present now the records that you have brought?

(The witness conferred with his counsel.)

Mr. GLIMCO. I am prepared to show you the records that I have brought, but I do not wish to turn them over to strangers—

The CHAIRMAN. Do you refuse to comply and obey the subpoena with respect to—

Mr. GLIMCO. Or to have them leave my custody.

You may examine them.

The CHAIRMAN. Do you want to stay here for 6 months while we examine them?

Mr. GLIMCO. Yes.

The CHAIRMAN. You may stay here. Produce the records.

Senator CURTIS. May I ask a question, Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Glimco, are those all the records of the pension and welfare fund of local 777?

(The witness conferred with his counsel.)

Mr. GLIMCO. All that I have custody of.

Senator CURTIS. Who else has custody of records?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. I was not inquiring about what you had. I say who else has custody of the records of the pension and welfare fund of this union, besides yourself?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Are there other records besides what you have turned over here?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs the witness to answer that question. He has produced records. The subpoena called for all of the records. He is now being asked whether there are other records. He is declining to answer. I think when he complies with the subpoena and produces the records, he is subject to being interrogated about whether they constitute all of the records that the subpoena called for, and, if not, to give explanation of where the others may be.

You may proceed.

The Chair orders, with the permission of the committee, and directs the witness to answer the question of Senator Curtis.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Are you stating that there are no other records pertaining to the pension and welfare fund, other than those that you produced?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Mr. FITZGERALD. If the Chair pleases, could I note the fact that Mr. Glimco has turned over to you personally 25 pounds of records of the health and welfare fund of local 777?

The CHAIRMAN. I haven't weighed them, and therefore, that is just a self-serving statement on the part of counsel. I have no idea about their weight. It isn't a question about their weight, whether they weigh an ounce or weigh a ton. The question is whether these are all of the records. The weight is not pertinent to the issue.

What was your last question, Senator Curtis?

I am not sure I directed the witness to answer.

Senator CURTIS. Will the reporter read the question.

(As requested, the pending question was read by the reporter.)

The CHAIRMAN. That is the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Mr. Reporter, let the record show there are five members during this proceeding, there are five members of the committee present, which constitutes a quorum for the transaction of business.

(At this point, the following members of the committee were present: Senators McClellan, Ervin, Church, Goldwater, and Curtis.)

Senator ERVIN. Mr. Chairman, may I ask a question, if Senator Curtis has finished?

Senator CURTIS. I will yield.

Senator ERVIN. Mr. Glimco, you realize that the records concerning which inquiry was made by Senator Curtis were references to the records of the local and not to your private records, do you not?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

Senator ERVIN. Do you honestly believe that if you actually gave a truthful answer to that question as to whether or not you realize that the question of Senator Curtis was directed only to the records of the local and not to your private records, that that answer would tend to incriminate you?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Mr. Chairman, these records are absolutely incomplete. I would like to find out from Mr. Glimco where the minute books are. There are no minute books here.

Where are the minute books?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Mr. KENNEDY. There are no minute books, Mr. Chairman, no correspondence files, no vouchers, and the bank accounts are missing, of all the pension and welfare funds.

(The witness conferred with his counsel.)

The CHAIRMAN. Are there any bank accounts in the records you turned over?

(The witness conferred with his counsel.)

Mr. GLIMCO. I brought all the records that I had in my possession, and you may examine them.

The CHAIRMAN. Do you know whether there are any bank accounts in them?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Were the other records in your possession at the time the subpoena was served?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question of whether there were other records pertaining to the pension and welfare funds of Teamsters Local 777 in your possession at the time the subpoena was served on you.

(The witness conferred with his counsel.)

Mr. GLIMCO. I have brought you all the records in my possession of the health and welfare fund and you may examine them.

The CHAIRMAN. That is not responsive to the question. I am asking you if there were other records pertaining to the pension and wel-

fare funds in your possession at the time the subpoena was served on you, records of local 777, a Teamster local.

The question is, Did you have other records in your possession at the time the subpoena was served on you, records other than those which you have produced here today.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer whether there were other records pertaining to the pension and welfare funds of Teamsters Local 777 in your possession at the time the subpoena was served on you.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. You have counsel, and I am sure he is a very able attorney to advise, but it is the view of the chairman, at least, at present, that failure to answer that question is definitely contempt of the U.S. Senate.

You were served with a subpoena to produce all the records. You have produced part. You refuse now to give any explanation with respect to the others or to state whether they were in your possession at the time the subpoena was served on you.

So that there can be no misunderstanding, the Chair now serves on you a subpoena which reads as follows with respect to the records that we desire to have you produce.

The subpoena reads:

Pursuant to the lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States forthwith, at their committee room, 101 Senate Office Building, Washington, D.C., and then and there to testify what you may know relative to the subject matters under consideration by said committee and to produce all books and records as shown on schedule No. 1 attached hereto and made a part hereof.

Schedule 1 reads:

Produce all books and records of the health and welfare fund, Local 777, Taxicab Drivers, Maintenance and Garage Helpers, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, for the period from January 1, 1950, to the present time, including cash receipts and disbursement books, bank statements, canceled checks, copies of deposit slips, records of savings accounts, stubs showing purchase of cashier's checks or money orders, inventory of funds, and documents in safe deposit boxes or in custody of any officer or representative, complete records of investments, records of loans or accounts receivable, records of loans payable, records of automobiles, purchased or sold, paid bills, minutes of meetings, including board, executive and general membership meetings, correspondence files, reports submitted to governmental agencies as well as to officers and general membership, payroll records, records of W-2 forms, contracts with health and welfare funds, Local 777, IBT, interoffice memoranda, and any and all other documents relating to the operation of the health and welfare fund, Local 777, IBT.

The Chair now serves this subpoena on you in open session.

Mrs. Watt, will you hand the subpoena to the witness and make a proper return for my signature on the duplicate subpoena?

(The subpoena was handed to the witness.)

The CHAIRMAN. Mr. Counsel, have you anything further?

Mr. KENNEDY. Mr. Chairman, Mr. Glimco is president of local 777. We would also like to get the union records. These are health and welfare records. We would like to get the union records. We have found it now impossible to get into the union headquarters any more. There are guards posted outside of the union so we cannot get an investigator or U.S. marshal into the building to try to serve a subpoena.

Mr. Glimco is president of the local. We would like to try to make some arrangements so that the U.S. Government could look at the union funds of the local that Mr. Glimco is president of.

I would like to point out, Mr. Chairman, that Mr. Glimco has been a close associate of Lucky Luciano, Tony Accardo, Murray "The Camel" Humphreys, Paul "The Waiter" Ricca, Sam "Golf Bag" Hunt, Greasy Thumb Guzik, and Claude Maddox, people that are well known in the underworld. Mr. Glimco's own activities will be gone into in some detail at a later hearing.

The CHAIRMAN. As related to labor-management relations?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Mr. Glimco, you have heard the statement made by counsel here as to information the committee has regarding you. Do you wish to make any statement in reply thereto?

Do you wish to deny it?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. We wouldn't want to make a statement about you here or at any other time in the report or otherwise, that is not justified from facts and information the committee has. So you are given the opportunity. You said we made these statements, some of them to the press. I don't recall if we did, but whether we did or didn't, whatever the report shows that the committee reported, it is an official document; so we are giving you the opportunity now, if the committee has made a mistake, if it is inaccurate in any sense in its report, or as to this information which you have just been advised of, if it is in any way inaccurate, you are now given the opportunity to correct it.

Do you wish to take advantage of that opportunity and exercise your privilege to make a statement with respect to whether the facts and information the committee has is correct or incorrect?

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Do you have any further questions, counsel?

Mr. KENNEDY. How many times have you been arrested, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Mr. KENNEDY. Is it correct that you have been arrested more than 36 times?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Mr. KENNEDY. And convicted on four different occasions? Is that correct?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. The Chair holds that these questions are definitely relevant to the mandate of this committee. I think we are all concerned about criminals, unreformed criminals, rising to power in some unions. We think that that is a matter that maybe the Congress would want to legislate about. When we have witnesses before us who are officers in a union, it is proper, I think, for the committee to interrogate these witnesses, these officers, with respect to their criminal records.

It will be a sad day in this country when that element, if they are unreformed and not rehabilitated, when that element can take over the control, officials, powers and authority of the union movement in America or any segment of it.

I believe there is a heavy duty resting upon the Congress of the United States to try to ferret these things out and determine where legislation is needed for the protection of the workingman and his family, and for the protection of business and management, and, above all, for the protection of the security of this country and the liberties and welfare of its people.

Senator ERVIN. Mr. Chairman, if I may make a suggestion at this point, in view of the fact that no man can be put twice in jeopardy for the same offense, I am at a loss to understand how the fifth amendment would excuse one from answering about the prior convictions.

I would, therefore suggest that the counsel put to this witness questions as to any specific cases in which he has allegedly been convicted and see if he declines to answer those questions.

Mr. KENNEDY. Starting back in 1923, June 3, 1923, disorderly conduct, 6 months' probation, is that right?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question. You could not be placed in jeopardy twice for the same offense. The Chair will order and direct you to answer the question. You couldn't be incriminated by giving testimony of what the record reflects.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Mr. KENNEDY. October 3, 1923, disorderly conduct, 6 months' probation?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. What the Chair has just stated with respect to the preceding question, and the witness' exercising the privilege of the fifth amendment will stand on this question and subsequent questions, all subsequent questions, regarding convictions for criminal offenses.

Therefore, the Chair, with the permission of the committee, orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

Mr. KENNEDY. Then, Mr. Chairman, September 7, 1924, an assault with an auto, which was dismissed.

October 6, 1924, larceny. He received 1 year probation.

The CHAIRMAN. Is that correct?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege, which protects me from being a witness against myself.

Mr. KENNEDY. May 29, 1925, disorderly conduct, 6 months' probation.

The CHAIRMAN. Is that record correct?

(The witness conferred his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. You are ordered and directed to answer the question, by permission of the committee.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which—

The CHAIRMAN. Proceed.

Mr. GLIMCO. Protects me from being a witness against myself.

Mr. KENNEDY. June 22, 1927, vagrancy, which was dismissed.

The CHAIRMAN. Are there any other questions?

Senator CURTIS. I have a question, Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Glimco, would you step forward and show us in these books and records that you have delivered here, the inventory or list of assets of the pension and welfare fund of local 777?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege, which protects me from being a witness against myself.

Senator CURTIS. Is there any list or inventory of assets of this pension and welfare fund among these records that you have presented here?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. With what insurance brokers, if any, has the pension and welfare fund been handled?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. You have presented here what appear to be some records concerning an account in the Merchants' National Bank in Chicago for the health and welfare, local 777, 1213 Blue Island Avenue, Chicago, Ill.

Are there accounts belonging to that fund in any other bank?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Are any of the assets of this pension and welfare fund invested in real estate mortgages?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Are any of these funds invested in bonds?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Are any of the funds of the pension and welfare fund invested in common stocks?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair orders and directs you to answer that question. I think the Congress is interested in knowing how these welfare funds are invested, with a view of determining whether legislation is necessary for their protection and for their proper administration.

Mr. GLIMCO. I respectfully decline to——

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Now, Mr. Glimco, this question I am about to ask couldn't incriminate you. It pertains to the policy of handling these funds, in which the Congress is very much concerned, and rightfully so, for the purpose of legislation.

I will ask you this: What policy has been established with reference to the investment of funds of the pension and welfare fund as it relates to the ratio of various kinds of investments to each other, such as common stocks, bonds, real estate mortgages, and Government securities?

The CHAIRMAN. Have you completed your question?

Senator CURTIS. Yes, Mr. Chairman.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, you are ordered and directed to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CURTIS. Do you know John Bridge?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. The Chair will ask you one question: Subsequent to receiving the subpoena being served, the subpoena for the production of the records of the pension and welfare funds of Teamsters Local 777, did you screen out of the records a part of them and only produce such parts of them as you chose to in compliance with the subpoena, or did you produce all records, have you produced here all records, that were in your possession at the time the subpoena was served on you?

(The witness conferred with his counsel.)

Mr. GLIMCO. I have brought all the health and welfare records in my possession at the time the subpoena was served on me.

The CHAIRMAN. All right. Proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Glimco, I have just a couple of questions. You were appointed to your present position as president of the local?

The CHAIRMAN. Let me ask one other question.

Mr. Glimco, in that connection, with respect to the records, do you know, is it within your knowledge, there were other records of the pension and welfare fund other than these at the time the subpoena was served on you?

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, you are ordered and directed to answer that question.

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Did you, at the time of the serving of the subpoena on you, or have you since, learned where there are other records pertaining to the pension and welfare fund of local 777, Teamster Local 777—

Mr. GLIMCO. I respectfully decline—

The CHAIRMAN. Other than the records that you have exhibited here?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment, which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Mr. KENNEDY. The membership has no control over you as far as their selection of their leader. It is a completely captive local, is it not, held by you and your associates?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. Is there anything further?

The subpoena the Chair served on you a few months ago asked you to produce forthwith the records that it called for. May I ask you if you are in a position to produce those records now?

Mr. FITZGERALD. May I ask without reading this thing, which is about 25 lines, does this call for the health and welfare records in Mr. Glimco's possession?

The CHAIRMAN. Yes, it does.

Mr. FITZGERALD. Those have already been produced.

The CHAIRMAN. He doesn't say that this is all of the records of the union. For that reason, I served this subpoena on him, to get the rest of the records.

He wouldn't answer whether these are all of them, and therefore I have to try to get the other if it is possible to do so.

This witness, as president of this local, who has formerly been trustee of it, obviously has the official responsibility and authority for producing such records whenever they are called for by proper authority.

We certainly feel that the Senate committee charged with the duty that is contained in the mandate and the resolution creating this committee does give this committee the authority to subpoena the records called for in this subpoena.

Are you prepared to comply with the subpoena now, or do you wish more time?

(The witness conferred with his counsel.)

Mr. FITZGERALD. I think we ought to have more time. I am unable to read this 25-line command. As far as I am concerned, if there are any more health and welfare records available in Chicago, they will be brought to this committee in answer to this subpoena.

The CHAIRMAN. What time, Mr. Counsel, do you think would be reasonable? I don't want to impose anything that is impossible or which would be a hardship.

Mr. FITZGERALD. Since I don't represent this union—I only represent Mr. Glimco—I would have to discuss this with members of the union and find out if there are, in fact, any such records as are described in this command.

The CHAIRMAN. I am sure this witness would know. But the Chair and the committee will be glad to give proper time for compliance.

Mr. FITZGERALD. I would say a couple of weeks. What did you have in mind? Anything you suggest.

The CHAIRMAN. Any time early next week.

Mr. FITZGERALD. There might be a necessity of hiring five truckloads to come down here, if there are those kinds of records. I represent several unions and frequently I find that the records they keep are voluminous. We might have to charter five trucks to come down here. It might take a little time. I don't know. I haven't read this thing over. It is 25 lines. It is pretty comprehensive. I would want to comply with the committee's request in detail, if I were served, and that is what I would recommend, moving the whole office down here.

Mr. KENNEDY. I am sure the Teamsters can get five trucks.

The CHAIRMAN. Mr. Counsel, we are not dealing in trivialities here. I appreciate your attitude. If your statement has any substance of fact to support it, then obviously your client is in flagrant contempt of this committee, by having only delivered 25 pounds of records, according to your testimony, of records which would take five trucks to bring.

Mr. FITZGERALD. I think his testimony was that he has brought everything so far that was in his possession at that time pertaining to the health and welfare. I think the record will display that.

The CHAIRMAN. He is president of the union, and these records, if there are any, are obviously in his control. He is also, I understand, the administrator of these welfare funds. Certainly as administrator of them, he is responsible for the records of the pension and welfare funds. The Chair will give what I consider reasonable time. If any member of the committee has any reasonable suggestion, we will be glad to consider it.

The Chair will give you until Wednesday of next week, the 30th of April, at 10:30 a.m., to produce those records as called for by the subpoena, here at the Senate Office Building, room 101.

Mr. FITZGERALD. Thursday at 10 a.m.?

The CHAIRMAN. Wednesday at 10:30 a.m.—Wednesday, April 30.

Senator ERVIN. Mr. Chairman, in this connection, I may not construe the testimony of the witness right, but as I construe it, he says he has brought here all the records that were in his custody at the time the subpoena was served on him, but I do not believe he has ever said that he has brought in all the records of local 777 under his control.

The CHAIRMAN. Pertaining to union and welfare funds.

Senator ERVIN. That is right; pertaining to union and welfare funds. I think there is quite a distinction between those two things. He would have power to produce records under his control, even though they may not be in his physical custody.

The CHAIRMAN. The Chair will ask the witness the question of whether these records you have produced here today constitute all of the records of the pension and welfare fund of Teamster Local 777 that are under your control in your official capacity with the union.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. Are there any other questions?

The witness may stand aside for the present. You will be required to be here next Wednesday at 10:30 a.m., April 30.

Mr. FITZGERALD. If the Chair pleases, it has been respectfully suggested we have a little problem here that is obvious. The witness just turned over to you what he represented was approximately 25 pounds of records, and he also indicated the stipulation he was turning them over to you personally without agreeing to turn them out of his custody.

Obviously, he is not going to leave Washington until these records leave too, that he has already turned over.

The CHAIRMAN. The Chair will not accept records personally. The Chair will accept records as chairman of the committee.

Mr. FITZGERALD. Well, as chairman of the committee, pardon me. The correction is noted. What kind of arrangements would you like to make for us so that Mr. Glimco can, as you have said, spend the next 6 months in the committee's headquarters here to guard—to take care of these records? We have had some situations created where records

have been turned over to this committee before, and have been given to unauthorized individuals. We are a little bit concerned about that. Mr. Glimco doesn't want that to happen. If the Chair pleases, he would like some kind of a ruling on that as to what happens to the records that we have in our custody at the moment.

The CHAIRMAN. The Chair accepts the records as chairman of the committee on behalf of the committee. The records will be in custody of the committee. As such, they will be preserved, they will be examined. If your client wishes to stay here during the process of examination of them, of course, that is his privilege. But the records will be examined and will be in the custody of the committee as called for by the subpoena.

Mr. FITZGERALD. As I understand it, he will leave, then, each night around 8 o'clock with the records?

The CHAIRMAN. No, sir; he will not leave with the records. The records will be retained by the committee.

Mr. FITZGERALD. We didn't pass them over to the committee with that stipulation. We would construe that as a conversion by the committee, a wrongful withholding of the records. We don't intend to hand over any records to the committee for them to hold onto for any duration of time. We would like Mr. Glimco to remain with the records.

The CHAIRMAN. What is your idea of duration of time?

Mr. FITZGERALD. You set the time in a possibility of 6 months.

The CHAIRMAN. I do not know how long it will take to examine these records. I thought if we got all of the records, and certainly if we got five truckloads, it might take quite a long time to examine them. We do not feel that these are all of the records that the committee is interested in, or all that the committee has subpoenaed. I was referring to the records of the local with respect to the pension and welfare fund.

It is perfectly obvious, from a casual examination of what the witness has submitted, what he has produced, that these are not all of the records of that fund. The witness himself declines to answer whether they are all of the records and whether the other records were in his control, under his control, at the time the subpoena was served. We are trying to get all of the records. A part of the records, a selected part of them, delivered to the committee, would not be likely to serve, and I could hardly understand that they could serve, the purpose of the committee in trying to examine the affairs of these funds, how they are administered, and the accuracy of the records kept. I don't know how we could do that and be satisfied or be sure of our findings, if we have only a part of the records.

Therefore, I served this additional subpoena this morning so that the witness may be given an opportunity to produce the remainder of the records. The records will be kept in the committee's custody. I accept them as chairman of the committee, with the permission and consent of the committee. They will be handled just like all other records that are subpoenaed for legitimate purposes in connection with a senatorial or congressional investigation.

Mr. FITZGERALD. With all due respect to the chairman, I want to make it quite clear that I wanted to know what particular office you were turning over in your personal suite or Mr. Glimco, because he

intends to stay here with the records that he has turned over, or any other records that are turned over. He does not intend to just turn over records to the committee and have them leave his custody.

We don't feel that the law with respect to subpoenas could be construed in that fashion, regardless of what procedure has been followed in the past. It is our feeling that we should remain with these in custody.

The CHAIRMAN. Mr. Glimco may remain in the offices of the committee until such time as the committee closes those offices at night. If he then desires to take him a cot or something and sleep out in the hall or something to guard them, I have no objection. I don't know about the custodian of the building.

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. FITZGERALD. Since Mr. Glimco isn't a Government employee and might be trespassing, isn't there some way he could take these home at night rather than sleep on a cot in the hallway and bring them back every morning, let us say, at 8 o'clock and stay here until 9 at night, a 12-hour day?

I don't think that has been posed to your Honors before.

The CHAIRMAN. Take them home? Who take them home?

Mr. FITZGERALD. I am not coming down every day. I am leaving Glimco here with you.

The CHAIRMAN. As I stated, I have no control over this building. But the records are going to be kept by the committee. We are going to preserve the records. I am sure you have a list of what you have turned over. The Chair will direct that an accurate list of the records that have been turned over, an inventory of them, a listing of them, be immediately made and a copy of that list be provided to Mr. Glimco, and at the time it is provided he can check it and ascertain that the list is accurate. The records, of course, when the committee has concluded its work, as soon as it can, as soon as the records have served the purpose of the committee, the legitimate purpose of this committee, the records then will be returned to Mr. Glimco.

Mr. FITZGERALD. Mr. Glimco is again taking the position that he refuses to allow these records to remain in this Senate Building for any length of time without him being here.

The CHAIRMAN. He can stay.

Mr. FITZGERALD. I wish we could work out something.

Mr. KENNEDY. We will get a chair for him, and if he can't sleep, he can sit there. He can sit right outside our room all night long.

Senator ERVIN. I would like to discuss something with Mr. FitzGerald on the law. Is it your contention that the statutory power which Congress has given to this committee to require the production of documents extends no further than to require a party who is required to produce a document to come and sit before the committee with the documents in his physical possession all the time?

Mr. FITZGERALD. That is right. That is precisely it. I don't think anyone has raised this point.

Senator ERVIN. Have you any decisions to that effect?

Mr. FITZGERALD. I will furnish you with some.

Senator ERVIN. I would like to have them. In my State, we have a statute authorizing the production of documents and when they are

produced, the courts exercise the power to impound them until they have been inspected. You may be right. But if that is the law, I would say what Mr. Bumble said about the law is certainly the truth.

Mr. FITZGERALD. That is a very wise law you have in North Carolina, and I would recommend the adoption in other areas; but this committee, of course, is not acting in a judicial capacity. There is no trial going on. There have been instances in the past where records have been turned over to the committee, or to a member of it, and they were furnished out indiscriminately to other individuals, newspapermen and men and other lawyers who were pressing charges. For that reason, the person now with custody of them doesn't want them to leave his custody. I think he is entitled to that feeling.

The CHAIRMAN. Does Mr. Glimco want to submit himself to the custody of the committee?

(The witness conferred with his counsel.)

Mr. FITZGERALD. We could solve this very easily if we could hold the records in my office and have the committee staff come to my office every day. They could initial them or something like that, and utilize my suite for their investigation. That would be kind of a neutral territory.

The CHAIRMAN. The committee is not going to establish that precedent. Where officials, witnesses, management, executives, and authorities cooperate with the committee, we have always been able to work these things out.

We have had no cooperation here. I don't know that we can expect any in the future. For that reason, I am going to hold these records here until we have examined them. I don't want to deprive the local officials any use of the records they might need to carry on their work in the union. But if we are going to examine these records and see what they show, I am of the opinion that in view of such a small amount of records being produced, they are not going to be conclusive, whatever they show. They might give some evidence of substance.

Mr. FITZGERALD. It is our understanding, then, that Mr. Glimco will be available in your committee offices during the daylight hours, at least, so that the checking can be done in his custody, and in the nighttime they will be locked up in a safe and will not be carried out.

The CHAIRMAN. The Chair will give you that assurance. If I find any member of the staff who violates the rulings of the committee, the committee, of course, will take proper action.

But that will not occur.

Mr. KENNEDY. Mr. Glimco, will you be downstairs?

Mr. FITZGERALD. Yes.

Mr. KENNEDY. We will set aside a place for you. Every morning, at 8 o'clock in the morning, you will stay until night when we leave?

Mr. FITZGERALD. Yes.

Mr. KENNEDY. We will get to know each other pretty well.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Connors.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. CONNORS. I do.

TESTIMONY OF JAMES L. CONNORS, ACCOMPANIED BY COUNSEL,
BENEDICT L. FITZGERALD, JR.

The CHAIRMAN. State your name, your place of residence and your business or occupation, please, sir.

Mr. CONNORS. James Connors, 8301 South Elizabeth, Chicago, Ill.

The CHAIRMAN. What is your business or occupation, Mr. Connors?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. You have counsel?

Mr. CONNORS. I do.

The CHAIRMAN. Let the record show that Mr. FitzGerald, who appeared for the previous witness, also appears for Mr. Connors. Is that correct?

Mr. FITZGERALD. Benedict FitzGerald, yes.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, as I explained, we have had some difficulty and problems trying to get the books and records of local 777. James L. Connors is a trustee and business agent for local 777. He was served a subpoena on April 18 to produce before this committee the books and records, memoranda, correspondence files, et cetera, bank accounts, of local 777. He is here today pursuant to that subpoena.

The CHAIRMAN. Mr. Connors, James L. Connors—

Mr. FITZGERALD. If the chairman pleases, I would just like to renew the same objections that I made in connection with the prior witness, Mr. Glimco.

The CHAIRMAN. The record may show that the statements of counsel with respect to the interrogation of the previous witness are made at this time for this witness, and that the Chair overrules the objection. We will proceed.

Mr. Connors, I hand you here a subpoena of this committee dated the 18th day of April 1958, which shows on the reverse side that it was served on you by Jack S. Balaban. I hand you here the original subpoena and ask you if that subpoena was served on you.

(The document was handed to the witness.)

The CHAIRMAN. I said it was the original, but that is a copy of it, upon which the return was made to the committee.

(The witness conferred with his counsel.)

The CHAIRMAN. Was the original of that subpoena served on you?

Mr. CONNORS. That appears to be the original.

The CHAIRMAN. That appears to be the same subpoena that was served on you?

Mr. CONNORS. Yes, sir.

The CHAIRMAN. That subpoena may be printed in the record at this point.

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-3191

To LOCAL 777 TAXICAB DRIVERS, MAINTENANCE AND GARAGE HELPERS UNION,
Chicago, Ill., Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, on Thursday, April 24, 1958, at 9

a.m., at their committee room 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and to produce all books and records as shown on schedule A attached hereto and made a part hereof.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To-----
to serve and return.

Given under my hand, by order of the committee, this 18th day of April, in the year of our Lord one thousand nine hundred and fifty eight.

JOHN L. McCLELLAN,
Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

SCHEDULE A

Produce all books and records for the period of January 1, 1950, to the present time, including cash receipts and disbursements books, complete details supporting receipts and disbursements, bank statements, cancelled checks, copies of deposit slips, records of savings accounts, stubs showing purchase of cashier's checks or money orders, inventory of funds and documents in safe deposit boxes or in custody of any officer or representative, complete records of investments, records of loans or accounts receivable, records of loans payable, records of automobiles purchased or sold, paid bills, minutes of meetings, including board, executive, and general membership meetings, correspondence files, reports submitted to governmental agencies, as well as to officers and general membership, payroll records, records of W-2 forms, company reports remitting members' dues, current contracts with local 777, interoffice memoranda, transportation receipts, and any and all other documents relating to the operation of Local 777 Taxicab Drivers, Maintenance and Garage Helpers, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

APRIL 18, 1958.

I made service of the within subpoena by personal service on the within-named James L. Connors at 1215 S. Blue Island Avenue, Chicago, Ill., at 11 a.m., on the 18th day of April 1958.

JACK S. BALABAN.

The CHAIRMAN. Mr. Connors, the subpoena, schedule A of the subpoena calls for the production of all books and records for the period of January 1, 1950, to the present time, including cash receipts and disbursement books, complete details, supporting receipts and disbursements, bank statements, canceled checks, copies of deposit slips, records of savings accounts, stubs showing purchase of cashier's checks or money orders, inventories of funds and documents in safe deposit boxes or in custody of any officer or representative, complete records of investments, records of loans or accounts receivable, records of loans payable, records of automobiles purchased or sold, paid bills, minutes of meetings, including board, executive and general membership meetings, correspondence files, reports submitted to governmental agencies, as well as to officers and general membership, payroll records, records of W-2 forms, company reports remitting members' dues, current contracts with local 777, interoffice memoranda, transportation receipts, and any and all other documents relating to the operation of Local 777, Taxicab Drivers, Maintenance and Garage Helpers, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

Are you prepared to respond to that subpoena?

(The witness conferred with his counsel.)

Mr. CONNORS. I am here, but I didn't bring no records with me. I have no custody or no control over any such records.

The CHAIRMAN. What is your official position with the union, local 777?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The witness just previously answered that he had no records in his possession or control over them, any of the records that the subpoena calls for; therefore, the Chair asked you the question: What is your official position with local 777, taxicab drivers?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question. You answered the question that you had no control or custody of any of the records. If you determine whether you have or should have, we have a right to ask you what is your official position with this local, whose records we have subpoenaed.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. I believe you said you have produced no records, you brought no records with you, is that correct?

Mr. CONNORS. That is right.

The CHAIRMAN. Are there any further questions?

Mr. Glimco, would you come forward, please?

TESTIMONY OF JOSEPH P. GLIMCO, ACCOMPANIED BY COUNSEL, BENEDICT F. FITZGERALD, JR.—Resumed

The CHAIRMAN. Mr. Glimco, the Chair wishes to ask you: Do you know Mr. James L. Connors, who is presently in the witness chair next to you?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair orders and directs you to answer that question, with the permission of the committee.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Is Mr. James L. Connors, who sits next to you in the witness chair at this time, an official of Local 777, Taxicab Drivers, Maintenance and Garage Helpers Union, located at 1215 South Blue Island Avenue, Chicago, Ill.?

(The witness conferred with his counsel.)

The CHAIRMAN. The question is: Is Mr. Connors, who sits there by you now, does he hold any official position with the union that I have just described or identified?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair asks you a further question. Since you are president of this local, in whose possession and custody are the records called for by this subpoena?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, you are directed and ordered to answer the question.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The question is: Do you know who has the control, custody, and possession of the records the subpoena called for?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. It is true—I thought I was directing these questions to Mr. Glimco. Now that you have answered them, I will now direct them to Mr. Glimco. I referred to the president.

Mr. Glimco, as president of this local 777 that we have been referring to, do you know who has the possession, control, and custody of the documents referred to in this subpoena?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, you are ordered and directed to answer that question.

Mr. GLIMCO. I respectfully decline, and claim the fifth amendment which protects me from being a witness against myself.

The CHAIRMAN. I am directing this to the president, Mr. Glimco: Who, what official, and the name of the official, or officials, has control, custody, and possession of the records called for by this subpoena?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. By permission of the committee, the Chair orders and directs the witness to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

The CHAIRMAN. Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Chairman, the situation seems to be that the best thing is to serve Mr. Glimco with a third subpoena for the books and records of the union.

The CHAIRMAN. Do you have one prepared?

Mr. KENNEDY. It is being prepared for your signature.

The CHAIRMAN. We will wait until it is prepared, and I will serve it in open session. Is there any further questioning of the witness, Connors?

Senator ERVIN. I would like to ask one question.

The CHAIRMAN. Senator Ervin.

Senator ERVIN. Mr. Connors, you tell the committee that you do not have any authority that would empower you to require one of the employees of local 777 to deliver to you records they had pertaining to the pension and welfare funds?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs the witness to answer that question.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege, which protects me from being a witness against myself.

Senator ERVIN. Local 777 does have secretaries and file clerks, employees in that general field, does it not?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator ERVIN. Have you lived in Chicago all your life?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

Senator CHURCH. Mr. Chairman, I have one question.

The CHAIRMAN. Senator Church.

Senator CHURCH. Mr. Connors, you understand, do you not, that the books and records referred to in the subpoena that you have been served are the books and records of local 777 and not your own personal records?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Mr. Glimco, the Chair asks you as president of local 777, Taxicab Drivers, Maintenance and Garage Helpers Union of the Teamsters Union, if, in that capacity, or any other, and in any other official capacity you may have with this local, if you will assist the committee in finding, locating, and procuring the records called for by this subpoena.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair directs the same question to Witness Connors. As trustee and business agent or manager of local 777, Taxicab Drivers, Maintenance and Garage Helpers Union of the Teamsters International, or in any other official capacity of that local,

will you assist the committee in locating and procuring the records called for in the subpoena served on you on the 18th day of April 1958?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Are there any further questions from anyone?

Mr. FITZGERALD. We will be glad to withdraw and let you proceed with another witness and wait for the production of the next subpoena, if you care to.

The CHAIRMAN. It will only be a moment. It is just a matter of typing it.

(At this point, Senator Goldwater entered the hearing room.)

The CHAIRMAN. Let me ask each of you a question while we are waiting. Mr. Glimco, what are your duties as president of local 777 about which we have been interrogating you?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. What are your duties and responsibilities in any other official representative capacity of local 777, about which we have been talking?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the question.

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Mr. Connors, what are your duties and responsibilities as trustee and business manager of local 777, about which we have been interrogating you?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

(At this point, Senator Curtis withdrew from the hearing room.)

The CHAIRMAN. What are your duties with respect to any other official or representative position that you have with local 777, about which we have been interrogating you?

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the two questions.

Mr. CONNORS. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. Mr. Glimco, who are the other officers of the union, local 777?

Mr. GLIMCO. I respectfully decline to answer and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer that question.

Mr. GLIMCO. I respectfully decline to answer, and claim the fifth amendment privilege which protects me from being a witness against myself.

The CHAIRMAN. The Chair now serves on you in open session of the committee a subpoena calling for the production of all books and records of local 777, Taxicab Drivers, Maintenance and Garage Helpers, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, for the period of January 1, 1950, to the present time, including cash receipts and disbursement books, complete detailed supporting receipts and disbursements, bank statements, canceled checks, copies of deposit slips, records of savings accounts, stubs showing purchase of cashier's checks or money orders, inventory of funds and documents in safe deposit boxes or in custody of any officer or representative, complete records of investments, records of loans or accounts receivable, records of loans payable, records of automobiles purchased or sold, paid bills, minutes of meetings, including board, executive and general membership meetings, correspondence files, reports submitted to Government agencies, as well as those to officers and general membership, payroll records, records of W-2 forms, company reports remitting members' dues, current contracts, of local 777, interoffice memoranda, transportation receipts, and any and all other documents relating to the operation of local 777, Taxicab Drivers, Maintenance and Garage Helpers, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers.

The subpoena reads to produce them forthwith. In view of your attorney stating that you couldn't produce the records called for in the other subpoena forthwith, the Chair will at this time, at the time of serving the subpoena, this subpoena, will give you until 10:30 a.m., next Wednesday, April 30, to comply with this subpoena. At that time you will be in the room called for there. It is room 101. It is not this room.

(The document was handed to the witness.)

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. The witnesses are excused.

Mr. Glimco, you will be here at that time, with these records.

The committee will stand in recess subject to the call of the Chair.

(Whereupon, at 12:28 p.m. the hearing recessed, with the following members present: Senators McClellan, Ervin, Curtis, and Goldwater.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, MARCH 11, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in room 3302, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: John L. McClellan, Democrat, Arkansas; Karl E. Mundt, Republican, South Dakota; Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Alphonse F. Calabrese, investigator; James F. Mundie, investigator; Jack S. Balaban, investigator; John D. Williams, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Mundt.)

The CHAIRMAN. We will start a new series of hearings this morning. The Chair, in keeping with our custom, will make a brief opening statement.

The committee will at this time commence public hearings into the alleged labor racketeering activities of Joseph P. Glimco, head of the Taxicab Drivers, Maintenance & Garage Helpers Local Union No. 777, International Brotherhood of Teamsters, Chicago, Ill.

We expect the evidence to show that this union has a membership of approximately 5,000 taxicab drivers, inside workers, and maintenance personnel who are employed by two major taxicab companies in Chicago, the Yellow Cab Co., and the Checker Taxi Co., Inc., and their maintenance organization, the Transportation Maintenance Corp.

Glimco, who was born in Italy in 1909, came to the United States with his family in 1913. After twice being denied citizenship on the grounds that he was not of good moral character, and because of a long arrest record, he finally obtained U.S. citizenship in 1943.

Glimco rose from a corner newsstand dealer to a \$20,600 a year executive through the medium of labor unions.

This committee will look into the allegations that Glimco, through violence and intimidation and his close association with the top Chicago crime syndicate leaders, muscled into local 777, the Chicago produce market, and other businesses in Chicago; and that the officers of local 777 have absolute rules and have indulged in undemo-

cratic administration of the local's affairs; that they have misused funds of the local.

The committee will also look into the award of health and welfare policies to Occidental Life Insurance Co., of California, through the Dearborn Insurance Agency, of Chicago, Ill., covering certain local unions in the Chicago area, including local 777, local 710 of the Meat & Highway Drivers, Dockmen, Helpers & Miscellaneous Truck Terminal Employees, and to the Hotel & Restaurant Workers Union.

Mr. Kennedy, you may call the next witness.

Mr. KENNEDY. Mr. Chairman. I would like to call a member of the staff, Mr. Calabrese, to give a little background information.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CALABRESE. I do.

TESTIMONY OF ALPHONSE F. CALABRESE

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. CALABRESE. My name is Alphonse F. Calabrese. I am a resident of College Park, Md. I am employed as an investigator with this committee.

Mr. KENNEDY. Prior to that, Mr. Calabrese, you have been with the Senate Permanent Subcommittee on Investigations?

Mr. CALABRESE. That is correct; for 2 years.

Mr. KENNEDY. And prior to that?

Mr. CALABRESE. Prior to that, head of the Investigations Division of Foreign Operations, and prior to that, 12 years as an investigator with the FBI.

Mr. KENNEDY. You made an investigation and study of the background of Mr. Joey Glimco?

Mr. CALABRESE. I did, with the assistance of Mr. Balaban, Mr. Mundie and Mr. Williams.

Mr. KENNEDY. Could you give us a little bit of the more detailed background of Mr. Glimco's associates and his becoming a citizen of the United States?

Mr. CALABRESE. Investigation indicated that Mr. Glimco was born on January 14, 1909, at Campagna, Salerno, Italy. He came to the United States with his mother on December 19, 1913. His original surname was Glielmi. The name was later legally changed to Glimco.

Mr. Glimco had six brothers and one sister. In 1931 he applied for naturalization, made a petition for naturalization, and on November 17, 1932, his petition was denied for the reason of want of good moral character. This denial carried with it an order of the judge for a 5-year prejudice period; that is, he had to wait 5 more years before he could make another petition. The reason given was that at the time he made his original petition he signed a statement showing he had had five arrests, and it was ascertained subsequently on examination that he had other arrests which he failed to mention, which he stated he did not mention because no conviction was involved.

He again made a petition for naturalization on June 27, 1938, and this petition was also denied on July 6, 1939, for the same reasons.

Mr. KENNEDY. The lack of good moral character?

Mr. CALABRESE. Want of good moral character. On August 18, 1942, he filed his third petition for naturalization, No. 268325, in the U.S. district court of Chicago, Ill., and on June 23, 1943, he received a certificate of naturalization, No. 5686655.

I might say at this time he showed his business as that of assistant business agent with Local 777, Taxicab Drivers Union.

Mr. KENNEDY. Now, would you go on? He received his naturalization papers at that time, his citizenship papers at that time?

Mr. CALABRESE. He did. He was successful at that time; yes, sir.

Mr. KENNEDY. Did he make a statement at that time in connection with it?

Mr. CALABRESE. Yes; he did. Well, he made it in 1939 when he was being examined on a second petition. He did make a statement.

Mr. KENNEDY. Do you want to read it in now?

Mr. CALABRESE. All right. This is an excerpt from the interrogation that was had at the time, on January 17, 1939, by the Immigration and Naturalization Service investigator. This is an excerpt from his statement. This is Mr. Glimco speaking to the inspector.

May I say a few words? As I have stated before, that record is all when I was a boy—

referring to his arrest record—

These pick-ups that have come in the last 5 or 6 years are something that I couldn't avoid. It's not my fault. Now I feel as though I want to become a citizen. That's hung over my head, since I discovered that I wasn't a citizen, like a nightmare; but I want my Government to be satisfied with me.

The last 6 years I have remarried. The first marriage was puppy love. I have a son, born in this country, and my wife is a citizen. I have tried to do all that I can to make myself worthy of my citizenship. Though without my citizenship, it's a handicap to my future life. So I'm asking the Government please consider it as a personal plea.

They have a perfect right at any time in the future, if citizenship is given to me, to take it away from me at any time. They have that right. I'm not asking for something I'm going to take and abuse. I'm sure that the Government will not make a mistake. I love this country and I'm perfectly willing to fight for this country at any time.

Under those circumstances, I feel as though I should be extended a little consideration and not consider my past so much when I was a boy. And my future, it's very much a handicap. I can't do the things * * * It's something that not everybody knows about either—that I'm not a citizen. I've hid it. It's hung over me as a nightmare.

The CHAIRMAN. When was that?

Mr. CALABRESE. This was stated on January 17, 1939.

The CHAIRMAN. That is when he was seeking citizenship?

Mr. CALABRESE. The second time, sir.

The CHAIRMAN. The second time?

Mr. CALABRESE. Yes, sir.

Senator MUNDT. Is that the time he got it?

Mr. CALABRESE. It was not. It was denied. In 1943 he received it.

Mr. KENNEDY. In these hearings, Mr. Chairman, in view of that very moving plea by Mr. Glimco and his desire to meet the requirements and responsibilities of citizenship, we will be going into his activities since that time, whenever he has met any responsibilities along those lines.

How many times has Mr. Glimco been arrested, Mr. Calabrese?

Mr. CALABRESE. Approximately 36 arrests.

The CHAIRMAN. Are those since that time?

Mr. CALABRESE. No. After he received his citizenship there are two.

Mr. KENNEDY. Two arrests since then?

Mr. CALABRESE. Approximately two arrests since then.

Senator MUNDT. Any convictions since he received his citizenship?

Mr. CALABRESE. There have been no convictions. In fact, he has served no time. By his own admission, he stated that he served 15 or 20 days in Bridewell in his youth.

Mr. KENNEDY. That is the only conviction of any kind that he has had in some 36 arrests?

Mr. CALABRESE. In some 36 arrests.

Senator MUNDT. What, generally, was the nature of these arrests? Were they traffic violations? Were they burglary, or crimes of passion? What were they?

Mr. CALABRESE. I will have to amend that. On convictions there was a period, for instance, on June 3, 1923, from his earlier arrest, his disorderly conduct, and he received 6 months' probation.

The CHAIRMAN. When was that?

Mr. CALABRESE. In June of 1923. That was as a young boy.

In September 1924, September 7, 1924, assault with an auto, and that was dismissed.

On October 6, 1924, larceny, and the record shows 1 year probation.

Mr. KENNEDY. So that is another conviction.

Mr. CALABRESE. That is right, but no time served in jail or prison.

May 29, 1925, disorderly conduct, 6 months' probation; June 22, 1927, vagrancy, dismissed; October 3, 1928, murder, acquitted; June 24, 1929, robbery, gun, dismissed.

I will skip a few. On September 5, 1929, attempted murder. He was indicted. The violation was stricken off because the witness failed to appear to testify.

Mr. KENNEDY. He left the jurisdiction?

Mr. CALABRESE. He left the jurisdiction of the city.

Mr. KENNEDY. The man that was shot?

Mr. CALABRESE. In the hip, that is right.

There are a series of arrests from 1929 through 1936. The record shows up to 1936—

Senator MUNDT. What was the nature of the arrest in 1936? He was no longer a boy then. He was at that time 27 years of age. What kind of activity was he being arrested for then?

Mr. CALABRESE. I am sorry, Senator; I did not hear you.

Senator MUNDT. What was the nature of the arrest, say, in 1936, at which time he was 27 years old?

Mr. CALABRESE. Disorderly conduct, dismissed, in 1934.

March 6, 1936, prohibition violation, and there is no disposition shown on that.

April 25, 1934, disorderly conduct, dismissed; August 8, 1933, disorderly conduct, dismissed.

Mr. KENNEDY. Do we find that he is tied in with the leading gangsters and the underworld figures of Chicago?

Mr. CALABRESE. Yes. The records would indicate that he is tied in.

Mr. KENNEDY. Would you give the committee the names of some of the people whom he counts as his associates and who have been seen in his company? You have examined the reports. He has been seen in their company, and it has been documented that he is an associate of these people?

Mr. CALABRESE. Yes. One person that he has been seen with is Anthony Accardo, also known as Joe Batters.

He has had an intimate relationship with Paul DeLucia, also known as Paul "The Waiter" Ricca.

He was an associate of Louis Campagna, known as Little New York, who is, of course, deceased.

Mr. KENNEDY. Did his family have some further relationship with Louis "Little New York" Campagna?

Mr. CALABRESE. Yes. We have a photostatic copy of a joint will and testament of Louis Campagna and his wife Charlotte which is dated September 28, 1942, at Berwyn, Cook County, Ill.

The witnesses to this instrument, one of the witnesses, is Lena Glimco, 629 Selbourne Road, Riverside, Ill., which is Mr. Glimco's wife, who resides at that address.

Mr. KENNEDY. Who is Little New York Campagna?

Mr. CALABRESE. Louis Campagna was one of the group that took over Capone's regime in Chicago. He was one of the many that were indicted, one of the many racketeers indicted, in 1943 during the shakedown of the movie industry, with Willie Bioff and Brown and Charles "Cherry Nose" Gioe. That was as of that time.

Mr. KENNEDY. That shows that his wife was a witness on his will; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Joey Glimco's wife?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Who are some of the other people that he associated with?

Mr. CALABRESE. He has also associated with Anthony Capezio, known as Tough Tony Capezio, who is now deceased. He was another member of the Chicago syndicate. He is also known to be friendly with Jake Guzik.

Mr. KENNEDY. That is Greasy Thumb?

Mr. CALABRESE. Greasy Thumb Guzik.

He is a friend and associate of Gussie Alex.

Information we have received is that Joe Glimco's brother Frank is married to Gussie Alex's sister Donna.

Mr. KENNEDY. What about Murray "The Camel" Humphreys?

Mr. CALABRESE. Murray "The Camel" Humphreys is also an associate of Joe Glimco.

Mr. KENNEDY. And he is an extremely important figure and has an extremely important role in the labor movement in Chicago, as far as the Teamsters are concerned?

Mr. CALABRESE. The records would indicate so.

Mr. KENNEDY. He is one of the chief lieutenants of Mr. James Hoffa; is that correct?

Mr. CALABRESE. He is a close associate of Mr. Hoffa.

Mr. KENNEDY. In connection with his criminal associates and his arrest background, he was arrested in 1954 or 1953, was he not?

Mr. CALABRESE. He was indicted in 1954 with four others for labor extortion, specifically on the Fulton Street Market, which is a section in Chicago where live poultry is handled and produce is handled.

Mr. KENNEDY. In connection with his acquittals, and the acquittals of people such as this, who have these high criminal associates, have

we ascertained that the individuals—he was acquitted in this matter—who testified against him before the grand jury changed their testimony when they testified in the trial?

Mr. CALABRESE. That is correct. The information I have received from the U.S. attorney's office is that they changed it materially to reflect that they admitted that they turned over money to Mr. Glimco, but that they did it because they liked him, rather than the original story that they did it through fear.

Mr. KENNEDY. And they had been trying to get the conviction with the element of fear being present. They stated that they paid him the money because they were frightened, but when they appeared in the trial a year or so later they changed their testimony and said they paid the money to Joey Glimco because they liked him; is that correct?

Mr. CALABRESE. That is substantially correct.

Mr. KENNEDY. Again, as another factor in these acquittals, how much did the union spend for the defense of Joey Glimco in that trial?

Mr. CALABRESE. The union spent \$124,321.45.

Mr. KENNEDY. These were union funds?

Mr. CALABRESE. These were the funds of local 777.

Mr. KENNEDY. Was local 777 involved in this matter at all?

Mr. CALABRESE. Not a bit.

Mr. KENNEDY. But local 777 is the taxicab union?

Mr. CALABRESE. Yes.

Mr. KENNEDY. This was a charge against Joey Glimco for extortion in the Fulton Street Market?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. It has nothing to do with the taxicabs whatsoever?

Mr. CALABRESE. Nothing whatsoever to do with the taxicab drivers.

Mr. KENNEDY. Yet the union dues of the taxicab local were used to defend him, some \$124,000, in this case alone; is that right?

Mr. CALABRESE. That is correct.

Senator MUNDT. Did they use that money primarily to employ counsel?

Mr. CALABRESE. Most of the money, Senator, was for counsel. There is a \$3,840 item for investigative and private detective agency which we will go into a little later, and another item of \$500 to the bail bondsman.

The CHAIRMAN. The what?

Mr. CALABRESE. To the bail bondsman.

Senator MUNDT. Did they employ outside counsel and also use the Taxicab Union counsel, or did they rely entirely on outside counsel?

Mr. CALABRESE. They had one counsel that was not used at all, as far as I know. That is Mr. Serritella. For the most part they used outside counsel, Senator.

Mr. KENNEDY. You mean they had union counsel that they did not use?

Mr. CALABRESE. That is correct, as far as I know.

Senator MUNDT. They employed outside counsel with the union funds to protect Mr. Glimco for a crime which he allegedly committed entirely outside of his union activities as head of the Taxicab Union?

Mr. CALABRESE. That is correct.

Senator MUNDT. Did they tell you why they did that? Did you find out what reason they gave for that?

Mr. CALABRESE. From whom, sir?

Senator MUNDT. From whomever you might have interviewed.

Mr. CALABRESE. We are not able to talk to any of the executive officers, Senator, of local 777.

Senator MUNDT. Do you mean they will not see you?

Mr. CALABRESE. They will not see us. In fact, they wouldn't even let us into the office to serve a subpoena.

Senator MUNDT. You established these facts from outside records?

Mr. CALABRESE. We established these facts from outside records, and the records of local 777 which we subpoenaed.

Mr. KENNEDY. Was there anything in the minutes that showed that they received approval prior to spending this amount of money for this counsel of Joey Glimco?

Mr. CALABRESE. There is nothing in the minutes.

Mr. KENNEDY. So Mr. Glimco just took the money out of the union, \$124,000 of union funds, to defend himself, with no approval of the membership?

Mr. CALABRESE. That is correct, as far as we know; yes.

Senator MUNDT. Have you the minutes of the executive committee or board of directors or the executive board? Is there anything there at all?

Mr. CALABRESE. Nothing.

Senator MUNDT. In other words, he just took the money. He might just as well spend it to buy a house or buy a yacht. But in the taking of the money he bought himself some legal counsel?

Mr. CALABRESE. That is correct.

Senator MUNDT. As far as the records of the union are concerned, he simply took the money.

Mr. CALABRESE. That is correct.

Senator MUNDT. Did he report that money as income in his income tax?

Mr. CALABRESE. He did not.

Senator MUNDT. But to all intents and purposes, it was income; it was his money. The fact that he happened to use it to employ counsel is merely incidental to the fact that he took \$124,000, if that was the amount, out of the union kitty and put it into his personal kitty; is that right?

Mr. CALABRESE. That would be correct, sir.

The CHAIRMAN. When did this occur?

Mr. CALABRESE. The indictment was returned in 1954; I believe October of 1954.

The CHAIRMAN. The what?

Mr. CALABRESE. The indictment was returned in October 1954. The trial was in March of 1957.

The CHAIRMAN. It has all been within the last 4 or 5 years?

Mr. CALABRESE. That is correct.

The CHAIRMAN. In other words, this misappropriation or use of union funds you are talking about for his personal protection and defense against criminal prosecution has been taken out of the union treasury during the last 3 or 4 years?

Mr. CALABRESE. Yes; or 5 years.

Senator MUNDT. Is he presently still the president of this Teamsters Union?

Mr. CALABRESE. Well, he was just made president in February of 1958. Prior to that time he was a business agent and a trustee.

Senator MUNDT. Was he a business agent and trustee at the time he appropriated the \$124,000 for his purposes?

Mr. CALABRESE. Yes.

Senator MUNDT. Who was then president?

Mr. CALABRESE. Clovis Joseph Coca.

Senator MUNDT. What happened to Mr. Coca?

Mr. CALABRESE. Mr. Coca stepped down. He became business manager and trustee.

Senator MUNDT. They just traded jobs?

Mr. CALABRESE. Yes.

Senator MUNDT. Glimco took on Mr. Cocoa's job and Mr. Cocoa took on Mr. Glimco's job?

Mr. CALABRESE. Mr. Coca was the business manager. Mr. Glimco was not the business manager. He was the business agent.

Senator MUNDT. I see.

Mr. KENNEDY. Did Mr. Glimco have any difficulty getting an honesty bond for the operations of this union?

Mr. CALABRESE. Mr. Glimco had no bond either as administrator of the health and welfare fund, which the local had, and which we will go into at a later time, and it is only recently that this situation has been corrected wherein the International Union of the Teamsters obtained a dishonesty bond of \$30,000 covering each member—rather, each officer of the local union and the others that had to be covered in the amount of \$30,000, and that is true for every local union in the United States. This coverage was obtained last September, I believe.

Mr. KENNEDY. Through Lloyds of London?

Mr. CALABRESE. Through Lloyds of London is my understanding; that is correct.

Mr. KENNEDY. Prior to that he had no bond?

Mr. CALABRESE. He had no bond.

Mr. KENNEDY. Even though the Teamsters constitution requires a bond?

Mr. CALABRESE. That is correct. I might say that he had a bond, that there was an application for a bond. I think he had it for a short period of time, and the company covering him discontinued it, canceled it out.

Mr. KENNEDY. Was he ever refused a bond?

Mr. CALABRESE. He was. They had made application for a bond with another company, the names I will furnish later, and at that time the company refused it.

Mr. KENNEDY. Because of his reputation?

Mr. CALABRESE. We can assume that it was from his reputation.

Mr. KENNEDY. But they refused the bond?

Mr. CALABRESE. They refused it; that is correct.

The CHAIRMAN. Thank you.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, the next two witnesses will be on the background of Mr. Glimco and his interest into the Fulton Street Market. Then we will be going into some other matters in connection with that.

I would like to call Mr. Harry Thieme.

The CHAIRMAN. Mr. Thieme?

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. THIEME. I do.

TESTIMONY OF HARRY THIEME

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. THIEME. Harry Thieme, Paw Paw, Mich. I am now a farmer.

The CHAIRMAN. You are now a farmer. What was your previous occupation, Mr. Thieme?

Mr. THIEME. I was with the Poultry Handlers Union and the Egg Inspectors Union.

The CHAIRMAN. Where?

Mr. THIEME. In Chicago.

The CHAIRMAN. In Chicago. For how long?

Mr. THIEME. About 28 years ago I started.

The CHAIRMAN. You started about 28 years ago?

Mr. THIEME. Yes.

The CHAIRMAN. When did you retire from that position?

Mr. THIEME. A year ago last July.

The CHAIRMAN. So you have just been a farmer since last July?

Mr. THIEME. That is right.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. That was local 663; is that right?

Mr. THIEME. Twenty-eight years ago it was 650.

Mr. KENNEDY. You started 650 yourself?

Mr. THIEME. That is right.

Mr. KENNEDY. Then it became 663 that you went with?

Mr. THIEME. About 21 years ago.

Mr. KENNEDY. You have been in the butter and egg business for some 40 years?

Mr. THIEME. Yes, sir.

Mr. KENNEDY. You originally organized local 640; is that right?

Mr. THIEME. 650.

Mr. KENNEDY. 650, excuse me.

Prior to organizing it, did you have some discussions with a Teamster Union official?

Mr. THIEME. I did.

Mr. KENNEDY. Who was that?

Mr. THIEME. Witt Hanley.

Mr. KENNEDY. Who was Mr. Hanley at that time?

Mr. THIEME. He was head of local 703, the Produce Drivers in Chicago.

Mr. KENNEDY. Why did you discuss it with Mr. Hanley?

Mr. THIEME. Well, he was a Teamster business agent, and we worked together with the Teamsters.

Mr. KENNEDY. Did they have some control over that area?

Mr. THIEME. Well, their men worked there, yes.

Mr. KENNEDY. Did Mr. Hanley control the market area at that time?

Mr. THIEME. Yes.

Mr. KENNEDY. Did he tell you then you could go ahead and organize? That is, set up your union?

Mr. THIEME. Mr. Kennedy, you are ahead on this deal. I started the union without—unbeknownst to Mr. Hanley.

Mr. KENNEDY. Then you were in it for a while?

Mr. THIEME. The first day I met Hanley is when he told me that I shouldn't have organized them.

Mr. KENNEDY. Who were you organizing at that time?

Mr. THIEME. Poultry Handlers, Local, 650.

Mr. KENNEDY. And did he make any threats to you at that time?

Mr. THIEME. At that time; no, sir.

Mr. KENNEDY. Subsequently?

Mr. THIEME. Yes, sir. Not he himself.

Mr. KENNEDY. What happened? Relate what happened.

Mr. THIEME. I was met by George Brown and Willie Bioff.

Mr. KENNEDY. What happened?

Mr. THIEME. They asked me to go along with them.

Mr. KENNEDY. What did going along with them mean?

Mr. THIEME. I don't know.

Mr. KENNEDY. What did they say to you?

Mr. THIEME. They said to me I should go along with them, that it was worth my while.

Mr. KENNEDY. What did they want you to do?

Mr. THIEME. If I can understand it right, years ago, they wanted me to take the men from the poultry board and bring them into the local union. They were union people, but they stayed up at the poultry board instead of being in the union hall. What they wanted to do then I didn't know.

Mr. KENNEDY. Where did you meet them?

Mr. THIEME. They come up to my office.

Mr. KENNEDY. Did you agree to go along with them?

Mr. THIEME. No, sir.

Mr. KENNEDY. Why not?

Mr. THIEME. Because I had been on the street for years, and as far as the businessmen are concerned they were all my friends.

They were total strangers to me.

Mr. KENNEDY. What did they have to do with it, do you know?

Mr. THIEME. Pardon me?

Mr. KENNEDY. What did they have to do with it, Brown and Bioff?

Mr. THIEME. What they had to do with it, I don't know.

Mr. KENNEDY. Did you have any other conversations with them subsequently?

Mr. THIEME. Yes, I have talked with Hanley after that, and George Brown. They still wanted me to go along, and I refused to go along. Then there was pressure put on me to resign.

Mr. KENNEDY. What kind of pressure?

Mr. THIEME. Threatening calls.

Mr. KENNEDY. What did they say in the calls?

Mr. THIEME. Of course I can't say it over the air, or over this microphone, but they used rough language, threatened me. They talked to my mother and told her that if I wasn't home—they asked if I was home, and she said no, and they said, "Well, if he don't keep his mouth shut, he will come home in a wooden box."

Mr. KENNEDY. Did you ever meet with any of these people that made these threats?

Mr. THIEME. I met Jimmy Aducci and Willie Bioff.

Whether they made the threats or not, I don't know. I don't know who the threats were made by.

Mr. KENNEDY. Did you ultimately or subsequently agree to get out?

Mr. THIEME. In 650 I did.

Mr. KENNEDY. What brought that about?

Mr. THIEME. I was threatened then to be taken for a ride.

Mr. KENNEDY. How did that happen?

Mr. THIEME. Three men were in an automobile on a Saturday afternoon, and I come out of the office to get in my car and they put me in their car and they told me, "We are taking you out west for a ride."

Mr. KENNEDY. What did you think that meant?

Mr. THIEME. "If you don't get out of here and keep your mouth shut."

Mr. KENNEDY. What did you think that meant when they said they were going to take you for a ride?

Mr. THIEME. Like they do in a regular gang slaying.

Mr. KENNEDY. Did you think you were going to be killed then?

Mr. THIEME. That is what I had in mind; yes.

Mr. KENNEDY. What did you tell them?

Mr. THIEME. I told them I would quit if they let me out.

Mr. KENNEDY. Did they let you out?

Mr. THIEME. They did.

Mr. KENNEDY. Did you quit?

Mr. THIEME. I resigned. I called the international and asked for an auditor. They sent an auditor over and audited my books and I resigned.

Mr. KENNEDY. When was this, approximately?

Mr. THIEME. About 1936-37.

Mr. KENNEDY. Did you get back into the labor movement then?

Mr. THIEME. I did. I took my mother and dad and went down to San Antonio, Tex. I stayed down there with them for about 3 months. I came back and I went to work for Brink & Sons as a poultry solicitor. Then members of local 663 came to me—I was a member of that local, an egg inspector—they came to me and asked me if I wouldn't run for office, and I told them that I didn't know whether I wanted to run or not, but I would let them know. Later on, I went over and I seen Witt Hanley.

Mr. KENNEDY. The same Teamster official?

Mr. THIEME. That is right. And I asked Witt, I said, "Witt, some of the boys want me to run for business agent. I had trouble with you before, and I won't accept it if I am going to have any more trouble."

He said, "Harry, I know you, and I don't know the other big bum, so you go ahead and run for office."

And I was elected.

Mr. KENNEDY. And this was after you got his OK; is that right?

Mr. THIEME. That is right.

Mr. KENNEDY. After that, did you have to make any payments to him?

Mr. THIEME. I made a dollar per capita payment with Hanley.

Mr. KENNEDY. In cash?

Mr. THIEME. In cash.

Mr. KENNEDY. How would you handle that? Was that per week or what?

Mr. THIEME. I would drop it in his desk drawer in an envelope.

Mr. KENNEDY. Each week you would come by?

Mr. THIEME. No. Each month.

Senator MUNDT. When did you work out this arrangement for this dollar a month? At the time you got his permission to take the job, or later?

Mr. THIEME. That was probably 3 or 4 months later.

Senator MUNDT. How did he make the approach to you?

Mr. THIEME. Well, I asked him what I owed him for giving me the OK, and he said, "You don't owe me nothing, Harry. But as a rule, a dollar per capita."

The CHAIRMAN. The what?

Mr. THIEME. A dollar per capita, per head.

Senator MUNDT. He said that was a rule?

Mr. THIEME. He said, "You don't owe me nothing, but that is what you can do."

Senator MUNDT. So you did it?

Mr. THIEME. I did.

Senator MUNDT. And he never caused you any trouble?

Mr. THIEME. No, sir.

Senator MUNDT. How long did that operation proceed on that basis?

Mr. THIEME. Until he died.

Senator MUNDT. Which was how long?

Mr. THIEME. I imagine about 12 or 13 years ago.

Senator MUNDT. I mean how long—

Mr. THIEME. Was it going on?

Senator MUNDT. Yes.

Mr. THIEME. I imagine probably 8 years.

Senator MUNDT. When he died, did some new man appear on the scene or did you save that dollar per capita?

Mr. THIEME. I saved that dollar per capita.

Mr. KENNEDY. Who succeeded him, however?

Mr. THIEME. Joe Glimco come in on the street at that time.

Mr. KENNEDY. And he took over the market area?

Mr. THIEME. Joe Glimco was on the street; yes.

Mr. KENNEDY. What was his connection? How was he able to take it over? He wasn't connected with—

Mr. THIEME. I don't say that he took it over or anything. I say that he was on the street. I met him on the street.

Mr. KENNEDY. Well, there were a lot of people on the street.

Mr. THIEME. But I understood he was connected with the union.

Mr. KENNEDY. Do you know what his connection was?

Mr. THIEME. No.

Senator MUNDT. He was a taxicab driver? On the street? Is that what you mean?

Mr. THIEME. No. Not at that time.

Senator MUNDT. What do you mean by being on the street?

Mr. THIEME. On Fulton Street.

Senator MUNDT. You just saw him around?

Mr. THIEME. That is right.

Senator MUNDT. You assumed he was a member of the Teamsters Union?

Mr. THIEME. Of the Teamsters Union.

Senator MUNDT. Did he tell you that?

Mr. THIEME. No, but he was with the boys of the Teamsters Union.

Senator MUNDT. Did you ever have to pay him any money?

Mr. THIEME. No, sir.

Mr. KENNEDY. Joey Glimco was the most important figure around that area after Witt Hanley died in 1944, was he not?

Mr. THIEME. I would say yes.

Mr. KENNEDY. What was his importance? What was the basis of his importance?

Mr. THIEME. Well, the way we felt at that time was that the Teamsters was important to us as far as labor organizations were concerned, and also to the businessmen.

Mr. KENNEDY. He was not the head of the union, was he?

Mr. THIEME. That I don't know.

Mr. KENNEDY. You were just led to believe that he was the important figure?

Mr. THIEME. That is right.

Mr. KENNEDY. The two business agents for local 703, which was the Poultry and Produce Drivers Union—is that right?

Mr. THIEME. Yes.

Mr. KENNEDY. Was Mr. Dominic Senese?

Mr. THIEME. That is right.

Mr. KENNEDY. And John Smith?

Mr. THIEME. That is right.

Mr. KENNEDY. They were the enforcement?

Mr. THIEME. They were business agents, collecting dues.

Mr. KENNEDY. Were you ever told by Joey Glimco who you should organize and who you should not organize?

Mr. THIEME. I went to him and asked him at one time, but he never told me who to organize.

Mr. KENNEDY. About what group?

Mr. THIEME. About the egg breakers.

Mr. KENNEDY. What did he say?

Mr. THIEME. Of course, that egg breakers deal was going on while Witt Hanley was living, and I asked Joe and Joe said, "Harry, you don't want them kind of people. It is only part-time stuff," which I know. He said, "Why don't you leave it ride the way it is?"

Mr. KENNEDY. So you never organized the egg breakers?

Mr. THIEME. No, sir.

Mr. KENNEDY. Had Hanley also told you not to organize the egg breakers?

Mr. THIEME. Hanley in his time, I put a picket on.

Mr. KENNEDY. You what?

Mr. THIEME. I put a picket on. He told me to put a picket on.

Mr. KENNEDY. Then what did he tell you?

Mr. THIEME. I put a picket on and about noontime I got a call from him and he told me to take the picket off, that he thought they would sign up with me. And I never did get any agreement with them.

Mr. KENNEDY. So you didn't sign the egg breakers?

Mr. THIEME. No, sir.

Mr. KENNEDY. What is an egg breaker?

Mr. THIEME. A person that breaks a shell egg and separates the yolks from the whites and they freeze them.

Mr. KENNEDY. Was it ever suggested to you subsequently that you should resign from your union position?

Mr. THIEME. No, it was never put to me that way.

Mr. KENNEDY. Did you understand that this group was dissatisfied with you?

Mr. THIEME. I felt like they were dissatisfied with me.

Mr. KENNEDY. Were you ever beaten up?

Mr. THIEME. Yes.

Mr. KENNEDY. When was that?

Mr. THIEME. When?

Mr. KENNEDY. Yes.

Mr. THIEME. That was about 4 or 5 years ago.

Mr. KENNEDY. What happened? You came into a bar; is that right?

Mr. THIEME. I went into a restaurant, and Smitty was sitting there playing cards.

Mr. KENNEDY. Smith being the business agent?

Mr. THIEME. Yes. And I walked in and I hit him on the back and I said, "Hi, you so-and-so Democrat this morning." That was right after the election, I believe.

And he cracked me in the jaw and knocked me up against three stairs.

When I came to I got my bearings, I was to go after him, and Senese held my arm.

Mr. KENNEDY. That is the other business agent?

Mr. THIEME. Yes. And he cracked me over the head with a quart bottle, an empty pop bottle, and broke it over my head. He split my head and broke my glasses.

I went out then and got the blood off.

Senator MUNDT. Was that involved in the union deal or was that just a Chicago political debate?

Mr. THIEME. Well, we were always friends.

Senator MUNDT. That is a rough way of showing it.

Mr. THIEME. Well, up to that minute. But I don't think it was political. Maybe he didn't feel good that day.

Senator MUNDT. Maybe you hit him on the back kind of hard when you hit him.

Mr. THIEME. Well, that could be. I was probably too happy and he was too sad.

Senator MUNDT. The situation quickly reversed itself, I suppose, after he popped you in the jaw.

Mr. THIEME. That is right.

Senator MUNDT. Did you attribute this to some labor dispute?

Mr. THIEME. I can't honestly say that I did. I thought it was just an argument. There was no argument. It was just that he felt that way about me.

The CHAIRMAN. Why? Let us get the connection, if there is one. If there is not, say so. Did it grow out of the ill feeling over your labor work and relations?

Mr. THIEME. Well, why he felt that way, I don't know. I don't think I was liked amongst a lot of labor leaders because I didn't mix with them. I more or less——

The CHAIRMAN. You mixed with him enough to go up and slap him on the back, and he mixed you enough——

Mr. THIEME. We were on the same street, Senator.

The CHAIRMAN. What do you mean by being on the street? You were working the same street?

Mr. THIEME. That is right.

The CHAIRMAN. Organizing the same street?

Mr. THIEME. No. We were collecting dues.

The CHAIRMAN. You were collecting money on the same street?

Mr. THIEME. That is right, collecting dues.

The CHAIRMAN. Were you out collecting?

Mr. THIEME. Yes, sir.

The CHAIRMAN. You were doing a little better job than he was?

Mr. THIEME. No; I don't think so. I think he did a better job.

Mr. KENNEDY. That was a different union?

Mr. THIEME. That was a different union.

Mr. KENNEDY. These people had been urging you to retire, had they not, Mr. Glimco's crowd that had been operating there?

Mr. THIEME. The only thing that Mr. Glimco told me at times was "Harry, you got a farm. Why don't you retire?"

Our local union was going down. We were losing membership.

Mr. KENNEDY. They were dissatisfied that there was somebody like you around, were they not? I mean, you weren't one of the group.

Mr. THIEME. I was one of the group.

Mr. KENNEDY. But you were not accepted by these other people?

Mr. THIEME. I never thought that I was. I never felt that way.

Mr. KENNEDY. And after you got hit with the pop bottle, did you feel less that way?

Mr. THIEME. Then I knew I wasn't wanted.

Mr. KENNEDY. At the time the altercation took place, one of the business agents held your arms and the other one hit you with the bottle?

Mr. THIEME. That is right.

Mr. KENNEDY. Senese was the other one that hit you?

Mr. THIEME. No; he didn't hit me.

Mr. KENNEDY. He held you and Smith hit you?

Mr. THIEME. That is right.

Mr. KENNEDY. Did you report it to the police?

Mr. THIEME. No, sir.

Mr. KENNEDY. Did you report it to the prosecuting attorney?

Mr. THIEME. No, sir.

Mr. KENNEDY. Why not?

Mr. THIEME. Mr. Kennedy, I went to the police department and the Government 28 years ago to try to help me and I couldn't get no help. So I thought it was no use of going to the police or anything else. When they chased me out of that 650, I couldn't get no help. I stood there alone.

Senator MUNDT. How soon was it after you were hit with the pop bottle before you tried to take up farming?

Mr. THIEME. Senator, I had that farm about——

Senator MUNDT. I understood you had the farm, but you hadn't moved on it. How soon after you got hit in the head did you resign your position?

Mr. THIEME. About 2 years.

Senator MUNDT. Two years?

Mr. THIEME. Two years.

Senator MUNDT. Did any other incidents occur during those 2 years?

Mr. THIEME. Well, yes, I have had some calls. I don't know where the calls came from. Threatening calls, yes.

Mr. KENNEDY. During this period of time, Mr. Glimco was indicted, was he not?

Mr. THIEME. Yes.

Mr. KENNEDY. Didn't you make a determination that if Mr. Glimco was acquitted in that case, you would retire?

Mr. THIEME. I would resign.

Mr. KENNEDY. So you decided to wait that out?

Mr. THIEME. That is right.

Mr. KENNEDY. When he was acquitted, you got out?

Mr. THIEME. I resigned.

Mr. KENNEDY. Then it was turned all over to Mr. Glimco and his people?

Mr. THIEME. No. The egg inspectors were turned over to Local 55 of the Amalgamated Meat Cutters.

Mr. KENNEDY. But as far as the opposition that you had been responsible for, at least to some extent, that was gone?

Mr. THIEME. Yes.

Senator MUNDT. Let me ask you this, Mr. Thieme: What would be the connection in your mind between the acquittal of Mr. Glimco and your determination to resign your position with the union? How did you relate those two theoretically unrelated facts?

Mr. THIEME. Well, the thing was, Senator, as I stated before, the union was going down.

Senator MUNDT. Your union?

Mr. THIEME. That is right. Men that I thought belonged to me they put them in the Teamsters Union. I couldn't get along on the membership that I had.

Senator MUNDT. You thought if Glimco was acquitted he would go ahead and get the rest of them?

Mr. THIEME. I would be able to go out and organize.

Senator MUNDT. If he was convicted?

Mr. THIEME. Yes.

Senator MUNDT. But if he were acquitted, that he would organize your men and you would lose them?

Mr. THIEME. That is right.

Mr. KENNEDY. But at that time it was a question as to whether you were going to testify in the Glimco case, was it not?

Mr. THIEME. Yes, sir.

Mr. KENNEDY. And during that period of time, did you not receive telephone calls threatening you?

Mr. THIEME. Yes, I did.

Mr. KENNEDY. That if you testified, something would happen to you?

Mr. THIEME. That is right.

Mr. KENNEDY. So that was the basis of it when he was ultimately acquitted. You testified before the grand jury, but you did not testify in the trial?

Mr. THIEME. That is right.

Mr. KENNEDY. Did Mr. Glimco ever state to you that anybody who testified against him, that he would be able to get them, no matter if they left the United States or not?

Mr. THIEME. Well, we talked on them lines in a conversation and, of course, he did say that, "If anybody doublecrossed me, I will get them if they get to the other side of the world."

The CHAIRMAN. What did he mean by doublecross? To tell the truth on him?

Mr. THIEME. That might have been.

The CHAIRMAN. Might have been? What do you think about it?

Mr. THIEME. It is.

The CHAIRMAN. Is that what you thought it meant?

Mr. THIEME. That is right.

The CHAIRMAN. If they doublecrossed and told the truth about him, he would get them?

Mr. THIEME. That is right.

The CHAIRMAN. Did you live under a sort of state of fear during that time?

Mr. THIEME. Yes.

Mr. KENNEDY. Is it not a fact that in that whole area there is a state of fear?

Mr. THIEME. Yes.

Mr. KENNEDY. And it is because of Mr. Glimco and his associates?

Mr. THIEME. I wouldn't say that it is Glimco.

Mr. KENNEDY. Well, it is Glimco and the people he represents, is it not?

Mr. THIEME. The Teamsters Union.

The CHAIRMAN. What is Glimco's position with the union?

Mr. THIEME. Pardon me?

The CHAIRMAN. What is his position with the union?

Mr. THIEME. I understand now that Mr. Glimco is with the Taxi Drivers.

The CHAIRMAN. With the Taxi Drivers?

Mr. THIEME. That is right.

The CHAIRMAN. Well, that is in the Teamsters Union, is it not?

Mr. THIEME. That is in the Teamsters Union.

Mr. KENNEDY. When you were making these payments to Mr. Hanley, did Mr. Hanley also require that you put somebody on the payroll?

Mr. THIEME. Yes.

Mr. KENNEDY. Who did you place on the payroll?

Mr. THIEME. Max Podolsky.

Mr. KENNEDY. How much did you pay him?

Mr. THIEME. \$35 a week.

Mr. KENNEDY. Did he always do any work?

Mr. THIEME. At the start, yes.

Mr. KENNEDY. Did he do any work afterwards?

Mr. THIEME. Toward the end, no.

Mr. KENNEDY. Was he one of the men that was indicted in connection with this case?

Mr. THIEME. Yes.

Mr. KENNEDY. With Joey Glimco?

Mr. THIEME. Yes.

The CHAIRMAN. What kind of work was he supposed to do?

Mr. THIEME. Help me organize.

The CHAIRMAN. Did you need him?

Mr. THIEME. Toward the end I didn't need him; no, sir.

The CHAIRMAN. Well, did you need him in the beginning?

Mr. THIEME. At the beginning, if you got time to listen, the reason I put him on the payroll was that I went out organizing myself, and one of the people that I seen said that I threatened—he called the State's attorney and said that I threatened him with a pistol. At that time, Dan Gilbert called me in. That was the investigator. He asked me if I threatened this man with a pistol, and I told him, "No," and I have never carried a pistol in my life.

Two or three days later, Witt Hanley said to me, he says, "Harry, it is kind of tough for you to go around organizing yourself. Why don't you put Max on the payroll?"

I said, "I can't afford it."

He said, "Heck, it will only amount to about \$35."

So I put him on and we did go out, and we worked for about 4 or 5 years pretty hard.

But after that——

The CHAIRMAN. So you felt you could use him at that time?

Mr. THIEME. Yes, sir.

The CHAIRMAN. You wanted not only help in organizing but you wanted somebody along with you as a witness, too; is that right?

Mr. THIEME. That is right.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you very much.

The Chair will announce we are expecting a rollcall vote in the Senate within the next few minutes. We also have a joint session of the Congress today, beginning a little after 12. For that reason, we are going to have to recess at this time. The committee will reconvene at 2 o'clock in this room.

(Members of the select committee present at the taking of the recess: Senators McClellan and Mundt.)

(Whereupon, at 11:45 a.m., the committee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Goldwater.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Dominic Abata.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ABATA. I do.

TESTIMONY OF DOMINIC ABATA

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. ABATA. My name is Dominic Abata, and I live at 2016 West Berwyn, Chicago, Ill., and my business, I am in the delicatessen and liquor business.

The CHAIRMAN. All right. Do you waive counsel?

Mr. ABATA. Yes, sir, I do.

The CHAIRMAN. Thank you. Proceed, Mr. Kennedy.

Mr. KENNEDY. That is A-b-a-t-a?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Mr. Abata, you were president of Local 777 of the Teamsters?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Since its foundation in 1937?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Until the last day of 1951; is that right?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. You were one of the founders of local 777, were you?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Now, could you tell us approximately when Mr. Joseph Glimco came to local 777?

Mr. ABATA. Well, he came in in 1937.

Mr. KENNEDY. What was he doing with you then?

Mr. ABATA. Absolutely nothing.

Mr. KENNEDY. How did he come to have any connection with local 777?

Mr. ABATA. Well, I will tell you, Mr. Kennedy. We had applied for a charter with the CIO.

Mr. KENNEDY. I don't want to go into all of that in detail.

Mr. ABATA. All right. He was wished on me by William Hanley.

Mr. KENNEDY. About whom we have had the testimony this morning, Mr. Chairman, as controlling the Fulton Street Market.

Did Mr. Glimco receive any money from you, from the union, or from any of the union officials?

Mr. ABATA. Not to my knowledge.

Mr. KENNEDY. At the beginning; is that right?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. After 1939 or 1940, was he receiving any money?

Mr. ABATA. I think he was. I am almost sure he was. I will say he was.

Mr. KENNEDY. How was he receiving money, and what arrangements were made?

Mr. ABATA. Payroll checks.

Mr. KENNEDY. Was he placed on the payroll?

Mr. ABATA. Yes, he was.

Mr. KENNEDY. Were there other moneys he was receiving?

Mr. ABATA. That I do not know.

Mr. KENNEDY. Well now, Mr. Abata, how much money were you being paid?

Mr. ABATA. I was being paid \$71 a week.

Mr. KENNEDY. How much money were you signing for?

Mr. ABATA. \$175 a week.

Mr. KENNEDY. But were you actually receiving \$71, although you were signing for \$175?

Mr. ABATA. That is right.

Mr. KENNEDY. When did that start?

Mr. ABATA. It started about 1939.

Mr. KENNEDY. What was the reason for that, and what would you do with the rest of the money?

Mr. ABATA. I don't even know what happened to the money.

Mr. KENNEDY. Just answer the question now, Mr. Abata. You signed for the money, did you?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. You signed for \$175?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. On whose instructions did you sign for \$175?

Mr. ABATA. Well, Marcie, he was the secretary-treasurer, he came in.

Mr. KENNEDY. That is M-a-r-c-i-e?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. He was secretary-treasurer?

Mr. ABATA. That is right.

Mr. KENNEDY. What did he tell you?

Mr. ABATA. He brought in those vouchers, vouchers to sign for all of the officers in the organization to sign.

Mr. KENNEDY. Everybody had to sign for a greater amount than they received?

Mr. ABATA. That is right.

Mr. KENNEDY. What happened to the other money? What happened to the rest of the money, if you signed for \$175 and only received \$71?

Mr. ABATA. Mr. Marcie turned it over to Mr. Glimco.

Mr. KENNEDY. How did you know that?

Mr. ABATA. I have seen it handed over to him.

Mr. KENNEDY. Mr. Glimco was receiving that money also?

Mr. ABATA. Yes.

Mr. KENNEDY. Why was he receiving that money?

Mr. ABATA. I can't answer that.

Mr. KENNEDY. How long a period of time did that go on?

Mr. ABATA. Well, I would say up to 1947, or 1948.

Mr. KENNEDY. What happened after that?

Mr. ABATA. Then instead of \$71 a week, I received \$90 a week.

Mr. KENNEDY. How much were you signing for then?

Mr. ABATA. \$175.

Mr. KENNEDY. So the kickback was less after that?

Mr. ABATA. That is right.

Mr. KENNEDY. Do you know how much Mr. Glimco was receiving in direct salary from the union?

Mr. ABATA. He was receiving \$175 per week.

Mr. KENNEDY. Just as you were?

Mr. ABATA. Just as I was; yes.

The CHAIRMAN. I may have misunderstood you, but I gathered from your statement that you were not the only officer that was signing vouchers for more than he received.

Mr. ABATA. No, sir, Senator.

The CHAIRMAN. What other officers?

Mr. ABATA. Well, there was Marcie, and Oscar Kofkin, and there was Robert Markov, he was secretary. And the three business agents were signing for \$125 per week and they were receiving \$50 per week.

The CHAIRMAN. What I am trying to ascertain from this, if we can make a hurried calculation, is that Glimco was receiving \$104 a week in the beginning out of your kickback?

Mr. ABATA. I think that is right.

The CHAIRMAN. You said you received \$71, and you were signing up for \$175?

Mr. ABATA. I think that is correct.

The CHAIRMAN. That would be \$104 a week.

Mr. ABATA. Yes, sir.

The CHAIRMAN. Now, the next one, what was his name?

Mr. ABATA. George Marcie, and Robert Markov, I think they were signing for \$150 a week, Senator.

The CHAIRMAN. And what did they actually get?

Mr. ABATA. They received \$71 also.

The CHAIRMAN. That would be \$79 from each of them.

Mr. ABATA. Yes, sir.

The CHAIRMAN. Who was the other?

Mr. ABATA. One was Joseph Coca. He was office manager. He was signing for \$125 a week.

The CHAIRMAN. And what was he actually getting?

Mr. ABATA. \$50 a week.

The CHAIRMAN. That is \$75 out of that kickback?

Mr. ABATA. That is right.

The CHAIRMAN. The next one?

Mr. ABATA. William Pritikin.

The CHAIRMAN. Who is he?

Mr. ABATA. He was a trustee.

The CHAIRMAN. What was he signing for?

Mr. ABATA. \$125 a week.

The CHAIRMAN. What was he getting?

Mr. ABATA. \$50.

The CHAIRMAN. That is another \$75 a week.

Mr. ABATA. That is right.

The CHAIRMAN. And the next one?

Mr. ABATA. James Connors, \$50. He was signing for \$125 a week.

The CHAIRMAN. What was he getting?

Mr. ABATA. \$50 a week.

The CHAIRMAN. That is another \$75. And what else?

Mr. ABATA. That is all of them.

The CHAIRMAN. That includes all of the business agents and all of the officers?

Mr. ABATA. That is right.

The CHAIRMAN. That were being paid as officers, and you stated the amount that they were actually getting and the amount they were signing vouchers for.

Mr. ABATA. That is right.

The CHAIRMAN. That would be \$483 per week in kickbacks from these officers that was going to Glimco?

Mr. ABATA. If that is the figure, that is the figure, Senator.

The CHAIRMAN. It is according to my addition, if I have it correct here. If your statement is correct in the amount of kickback, then it would have to total \$483 a week in kickbacks.

What was Glimco's salary during that time, and what did he actually sign up for, and draw, as an officer?

Mr. ABATA. He was not an officer, Senator.

The CHAIRMAN. Was he signing up and drawing money?

Mr. ABATA. He was not signing.

The CHAIRMAN. He was drawing no money, no money was being paid to him directly?

Mr. ABATA. That is right.

The CHAIRMAN. All of it was in kickbacks?

Mr. ABATA. That is right.

The CHAIRMAN. And he was getting \$480 a week in kickbacks?

Mr. ABATA. That is right, to my knowledge, that is all I know.

The CHAIRMAN. That would be close to \$1,500 a month then in round numbers, in kickbacks the man was getting at that time out of your union?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. Now, I thought you said he was getting some money as salary.

Mr. ABATA. Well, he was getting salary, he was getting a salary, besides the kickbacks. I misunderstood you.

The CHAIRMAN. How much was that salary, besides the kickbacks?

Mr. ABATA. \$125 a week.

The CHAIRMAN. He actually drew that as salary?

Mr. ABATA. That is right, sir.

The CHAIRMAN. That would give him \$608 a week he was getting, \$483 in kickbacks and \$125 in salary?

Mr. ABATA. That is right, sir.

The CHAIRMAN. So he had an income of \$608 a week out of that union at that time?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. Now, also out of this money, the union was paying the taxes on this money, were they not? So he was not getting all of this money, was he?

Mr. ABATA. They paid the tax on that.

Mr. KENNEDY. The taxes would be paid?

Mr. ABATA. The taxes would be paid on that.

Mr. KENNEDY. How much would you declare on your tax return?

Mr. ABATA. \$9,500.

Mr. KENNEDY. When in fact you were receiving some \$3,500?

Mr. ABATA. Yes, sir, or less.

Mr. KENNEDY. You would declare on your income tax \$9,500?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. That tax would be paid through the withholding; is that right?

Mr. ABATA. Yes, sir, that is right.

Mr. KENNEDY. Why did you agree to do that?

Mr. ABATA. Mr. Kennedy, I can't answer that.

Mr. KENNEDY. You can give us some answer. Why did you agree?

Mr. ABATA. Well, that is the way it was set up, and that is the way I went along with it. I batted absolutely zero against him.

Mr. KENNEDY. Who set this all up?

Mr. ABATA. William Hanley.

Mr. KENNEDY. Why did you go along with it after William Hanley died in 1944?

Mr. ABATA. I did not go along.

Mr. KENNEDY. You kept kicking back in your salary.

Mr. ABATA. Well——

Mr. KENNEDY. Why did you keep doing it?

Mr. ABATA. I can't answer why I even did that, Mr. Kennedy.

Mr. KENNEDY. Did you get out of the union then, in what year?

Mr. ABATA. In the latter part of 1951, in November.

Mr. KENNEDY. Why did you get out of the union?

Mr. ABATA. I was told to get out.

Mr. KENNEDY. Who told you to get out?

Mr. ABATA. Well, some immediate friends of his.

Mr. KENNEDY. Who told you to get out of the union?

Mr. ABATA. Well, I would rather not mention names.

Mr. KENNEDY. I want to know. I am sure you would rather not, but who told you to get out of the union?

Mr. ABATA. A friend of his.

Mr. KENNEDY. Who was the friend?

Mr. ABATA. A gentleman by the name of Rocco Fenelli.

Mr. KENNEDY. Why did he say he wanted you to get out of the union?

Mr. ABATA. He told me that I got to get out.

Mr. KENNEDY. Why? For what reason?

Mr. ABATA. Because I wouldn't go along.

Mr. KENNEDY. Did you get out of the union then?

Mr. ABATA. No, and indeed I didn't; and I didn't go out.

Mr. KENNEDY. You stayed on in the union?

Mr. ABATA. I stayed on for 3 or 4 weeks after I was told, and I was told again.

Mr. KENNEDY. Did you get out then?

Mr. ABATA. No, I didn't get out.

Mr. KENNEDY. You stayed 3 or 4 weeks and you were told again, and did you get out?

Mr. ABATA. I didn't get out, and I met him in a gas station then.

Mr. KENNEDY. Joey Glimco?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. What happened then?

Mr. ABATA. I met him early one morning and I told him, "Look, I belong here and you don't belong here. You get out."

Mr. KENNEDY. Who ended up getting out?

Mr. ABATA. I did, and I batted zero again.

Mr. KENNEDY. You got out?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. What were the circumstances under which you got out?

Mr. ABATA. Well, he asked me if I would get out and take \$5,000 and get out.

Mr. KENNEDY. He tried to buy you out?

Mr. ABATA. \$5,000.

Mr. KENNEDY. What did you do?

Mr. ABATA. I said, "I will not get out for \$5,000 and I won't get out for \$50,000."

Mr. KENNEDY. You refused to be bought out?

Mr. ABATA. That is right. My wife got on my neck, you know, Senator, and she got on my neck and crying and hollering, and she was scared, and so in order to have peace at home I figured I might as well, she was a very sickly woman at the time, and I said, "Well, I might as well get out."

The CHAIRMAN. Had she been threatened in the meantime?

Mr. ABATA. No, she was not threatened, Senator.

The CHAIRMAN. There had been no threats and you had, of course reported to her what was happening?

Mr. ABATA. Yes.

The CHAIRMAN. She said she was sick and wasn't well. Did she get apprehensive about your safety, and your physical safety?

Mr. ABATA. Well, she was scared, and I would say she was scared, Senator.

The CHAIRMAN. She was scared?

Mr. ABATA. She was scared, and not me, and I was never scared.

The CHAIRMAN. You decided it was the better part of valor just to get out?

Mr. ABATA. I figured to have peace at home, and to have peace all of the way around I might as well get out.

Mr. KENNEDY. You refused to be bought out?

Mr. ABATA. That is right.

Mr. KENNEDY. When they offered you the \$5,000, you wouldn't take it?

Mr. ABATA. No, I wouldn't.

Mr. KENNEDY. So you never took any money from them?

Mr. ABATA. Yes, I did. Then I figured, I said this, if I am going to get out, there was a compromise, and they gave me a year's salary.

Mr. KENNEDY. The compromise was less than \$5,000.

Mr. ABATA. No, I got more than \$5,000.

Mr. KENNEDY. How much money did you get?

Mr. ABATA. I got \$10,000 actual cash, in 1952. That is my year's salary, and they paid my salary in full.

Mr. KENNEDY. So they paid you \$10,000; is that right?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. And you got out?

Mr. ABATA. That is right.

The CHAIRMAN. Where did that money come from—out of the union fund?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Actually, you got paid some \$12,300, didn't you?

Mr. ABATA. That is right, sir.

Mr. KENNEDY. And they paid the taxes, which gave you about \$10,000.

Mr. ABATA. That is right, sir.

Mr. KENNEDY. And you got out.

Mr. ABATA. That is right, sir.

Mr. KENNEDY. Prior to getting out, had you taken any money from the union?

Mr. ABATA. Yes. I don't know whether it was 1946 or 1947. I was sick and tired of giving my salary, and along about the month of

August or July I needed money real bad, and the Mrs. was in a very bad way, and I got \$3,000 and I told them I took \$3,000 and I told all of the officers I took \$3,000 and I said, "That is so he won't take the rest of my salary the rest of the year."

Mr. KENNEDY. You took \$3,000 out of the funds of the union?

Mr. ABATA. That is right, as my salary. I took my salary in advance.

Mr. KENNEDY. Was that entered in all of the books?

Mr. ABATA. I don't know if it was or not, Mr. Kennedy.

Mr. KENNEDY. Did you write any kind of a note?

Mr. ABATA. No, I did not; it was a check.

Mr. KENNEDY. You got approval from the membership?

Mr. ABATA. No, I did not.

Mr. KENNEDY. You just took \$3,000?

Mr. ABATA. That was my salary.

Senator GOLDWATER. Did you continue to get the \$175 a week after you took the \$3,000?

Mr. ABATA. Yes, sir, I did. Oh, no; I didn't. I was getting \$71 a week.

Senator GOLDWATER. Did you sign for the \$175 a week?

Mr. ABATA. That is right.

Senator GOLDWATER. But you only got \$71?

Mr. ABATA. That is right.

Senator GOLDWATER. So in effect, the \$3,000 was over and above your salary?

Mr. ABATA. That is right.

Senator GOLDWATER. And you continued to sign for the \$175 so that Glimco could get his \$104?

Mr. ABATA. No. Here is how I figured it. I figured it this way: If I took that \$3,000, he would not take that deduction and he would not take the rest of the salary, and I figured he would give me my salary and I would be paid that \$3,000, but it didn't work out that way.

Senator GOLDWATER. Why did you figure that he might do that?

Mr. ABATA. Well, I figured, the reason why I figured that was because I took that \$3,000 and I know I didn't do the right thing when I did that.

Senator GOLDWATER. But he continued to get his kickback even after you got the \$3,000?

Mr. ABATA. I still received \$71 per week, and he still got his kickback. And I figured this way, he probably put that kickback back where the \$3,000 belonged, but he didn't do that, and he took it.

Senator GOLDWATER. You were certainly an optimist there, weren't you?

Mr. ABATA. Well, you can say that if you wish.

Mr. KENNEDY. It ended up with the union having \$3,000 less in their treasury.

Mr. ABATA. No. It was paid back.

Mr. KENNEDY. When did you pay it back?

Mr. ABATA. It was paid back on my \$100 allowance check.

Mr. KENNEDY. What was your \$100 allowance check.

Mr. ABATA. For business.

Mr. KENNEDY. When did you get that? How often did you get that?

Mr. ABATA. I never got that. I never got that.

Mr. KENNEDY. What happened on that?

Mr. ABATA. That was turned over to him.

Mr. KENNEDY. Who is "him"?

Mr. ABATA. Mr. Glimco.

Mr. KENNEDY. Did you sign for \$100?

Mr. ABATA. Yes, we all signed for \$100, and he received that \$100, also.

Mr. KENNEDY. You kicked that back, too?

Mr. ABATA. Oh, yes, indeed.

Mr. KENNEDY. How long did that go on?

Mr. ABATA. Up until the time I was there.

Mr. KENNEDY. In 1951?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Every month you kicked back your \$100 expenses?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Everybody did that?

Mr. ABATA. Yes, indeed.

The CHAIRMAN. Was that in addition to this salary?

Mr. ABATA. Yes, indeed.

The CHAIRMAN. According to the calculations I make here, on the basis of \$608 a month, with his salary, he was getting around \$2,500 a month with his kickbacks. Now you say he got another \$100 a month.

Mr. ABATA. Oh, yes, indeed; he got \$100 from every one of us.

The CHAIRMAN. Was that monthly?

Mr. ABATA. Monthly.

The CHAIRMAN. How many of them were there? There were six of you?

Mr. ABATA. I think it was seven.

The CHAIRMAN. Well, six without him.

Mr. ABATA. Yes, sir.

The CHAIRMAN. That would be another \$600 a month to be added to the \$2,500.

Mr. ABATA. Yes, sir.

The CHAIRMAN. So he was getting a total then of in excess, we will say, of \$3,000 a month out of this union.

Mr. ABATA. That is right, sir.

Mr. KENNEDY. How did you figure that you paid the \$3,000 back then, if you just continued the other arrangement?

Mr. ABATA. Here is what he did. He was pretty bighearted, you know, Mr. Kennedy, and he took half of that \$100, of my allowance, and he paid it back that way.

Mr. KENNEDY. How do you know that?

Mr. ABATA. I saw it in the daybook.

Mr. KENNEDY. He put it back?

Mr. ABATA. Yes, he put \$50 a month of the \$100 that belonged to me back in the daybook.

Mr. KENNEDY. How long did he do that for?

Mr. ABATA. It was all paid for when I left, Mr. Kennedy.

Mr. KENNEDY. That takes about 6 years, doesn't it?

Mr. ABATA. It was all paid when I left.

Mr. KENNEDY. When did you take the \$3,000?

Mr. ABATA. It must have been 1946 or 1947, and I left in 1952, and it just was about paid for at that time.

Mr. KENNEDY. It was about the day that you left?

Mr. ABATA. Just about; yes.

Mr. KENNEDY. All of those books are missing.

Mr. ABATA. Well, that figures.

Mr. KENNEDY. The chief contracts that you had were with the Yellow Cab Co. and the Checker Cab Co.?

Mr. ABATA. The what?

Mr. KENNEDY. The chief contracts that your union had were with the Yellow Cab Co. and the Checker Cab Co.; is that right?

Mr. ABATA. Yes.

Mr. KENNEDY. Was there an arrangement made with those cab companies to pay them money for collecting dues?

Mr. ABATA. I had nothing to do with that, Mr. Kennedy. That was done by Mr. Witt Hanley.

Mr. KENNEDY. Just answer the question, please. Was that done?

Mr. ABATA. Yes, that was done.

Mr. KENNEDY. So the union was paying the cab companies money for collecting its dues?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Did you know how much money was being paid to the cab company for that purpose?

Mr. ABATA. I know it amounted to an enormous amount, 7½ percent or 10 percent. I never did sit down to figure it out.

Mr. KENNEDY. You were president of the union?

Mr. ABATA. Yes.

Mr. KENNEDY. And you say you had nothing to do with that arrangement?

Mr. ABATA. No, I did not.

Mr. KENNEDY. It must have been negotiated in the contract. Did you discuss it with the cab companies?

Mr. ABATA. That contract was negotiated before I was even elected.

Mr. KENNEDY. But you were there for 14 years. You were the first president.

Mr. ABATA. That is right.

Mr. KENNEDY. What kind of arrangement could have been made without the president knowing about it, and where the contracts had to be renegotiated every period of time?

Mr. ABATA. Well, I just left well enough alone. I just went along with that. I knew it was being done.

Mr. KENNEDY. Did you think it was proper?

Mr. ABATA. Sir?

Mr. KENNEDY. Did you think it was proper?

Mr. ABATA. No, I did not think it was proper.

Mr. KENNEDY. Did you ever complain or object to it?

Mr. ABATA. Yes, I voiced my opinion many, many times.

Mr. KENNEDY. What happened?

Mr. ABATA. Nothing happened. I was told that is the way it is, that is the way it should be.

Mr. KENNEDY. What was the arrangement between the cab companies and the officials of the union that this was permitted or allowed? What kind of an arrangement existed between them?

Mr. ABATA. Well, I asked the companies a few times and they told me that they needed that for the help on the check-off system, that we should pay for the help.

Mr. KENNEDY. Have you ever heard of that being done elsewhere?

Mr. ABATA. No, I don't. No, I don't.

The CHAIRMAN. In other words, the companies were claiming that the union should pay them for checking off the dues of their drivers?

Mr. ABATA. That is right, Senator.

The CHAIRMAN. Do you recall what that amount is?

Mr. ABATA. No, I don't.

The CHAIRMAN. What amount was agreed on?

Mr. ABATA. Seven and a half percent.

The CHAIRMAN. Seven and a half, you think. Well, what was the amount of the dues per month?

Mr. KENNEDY. Mr. Calabrese can put the figures in.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

The CHAIRMAN. Mr. Calabrese, you have been previously sworn?

Mr. CALABRESE. I have.

Mr. KENNEDY. Mr. Calabrese, have you made an examination of the records of local 777 to determine what payments have been made to the Yellow Cab Co. and the Checker Cab Co.?

Mr. CALABRESE. The records of local 777 and the records of the Yellow Cab and Checker Taxicab Co.

Mr. KENNEDY. Could you tell us what percentage has been paid and then the amount in dollars that has actually been paid for this purpose?

Mr. CALABRESE. The original agreement was 10 percent of the dues collected was paid back to the two cab companies. It was subsequently reduced to 7½ percent of the dues collected.

A calculation of the figures from 1937 to December 31—we have later figures—December 31, 1958, reveals a total sum of \$327,491.46 was paid back to the Yellow Cab Co. and the Checker Taxicab Co.

Mr. KENNEDY. How much to each company?

Mr. CALABRESE. I have the figures for the taxicab companies up to December 31, 1957. As of December 31—from 1937 to December 31, 1957, Yellow Cab received \$169,180. Checker Taxicab received \$137,786.51. It is a grand total of \$306,966.51. The earlier figure I gave you was for another year, making it \$327,491.46.

Mr. KENNEDY. Is that arrangement still in effect, Mr. Calabrese?

Mr. CALABRESE. No, it is not.

Mr. KENNEDY. That has been changed?

Mr. CALABRESE. That has been changed since the last contract was negotiated, in January of 1959, and signed.

Mr. KENNEDY. Since this investigation started?

Mr. CALABRESE. That is right.

Mr. KENNEDY. And since we have been into both of those cab companies: is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. We reviewed the records?

Mr. CALABRESE. We reviewed the contract and there is no provision for this type of refund for the check-off system.

Mr. KENNEDY. There is nothing in the contract in connection with this?

Mr. CALABRESE. No. I reviewed it and there is not.

The CHAIRMAN. Let me ask you this: In the previous contract, the contract under which this commission was paid, was it a written contract?

Mr. CALABRESE. Yes.

The CHAIRMAN. Did it specifically provide for 10 percent for the collection of the dues?

Mr. CALABRESE. Yes, and subsequently $7\frac{1}{2}$ percent.

The CHAIRMAN. And subsequently $7\frac{1}{2}$ percent. That was in the written contract?

Mr. CALABRESE. That was in the written contract.

Senator GOLDWATER. What was that total figure again?

The CHAIRMAN. \$327,491 and some cents.

Senator GOLDWATER. That was paid——

Mr. CALABRESE. From 1937 to December 31, 1958.

Senator GOLDWATER. That would be the average of $7\frac{1}{2}$ to 10?

Mr. CALABRESE. Of the dues collected, that is correct.

The CHAIRMAN. It was 10 percent for a while. When was the $7\frac{1}{2}$ percent entered into? When was the change made from 10 percent to $7\frac{1}{2}$ percent, do you recall?

Mr. CALABRESE. I am not sure of that, Senator. I would say around 1946 or thereabouts.

The CHAIRMAN. What is the amount of dues of the members? Do the records reflect that?

Mr. CALABRESE. I have a copy before me of the agreement of October 1956, entered into between the local union and the Yellow Cab Co., which was subsequently renegotiated in this last year and signed for 1959.

The 1956 agreement called for the $7\frac{1}{2}$ percent of the dues collected.

The CHAIRMAN. What are the monthly dues of the members?

Mr. CALABRESE. Four dollars.

Mr. ABATA. Four dollars a month.

The CHAIRMAN. Four dollars a month?

Mr. CALABRESE. That is right.

The CHAIRMAN. That is all I wanted, what the individual member pays in dues. Is that what he is paying now?

Mr. CALABRESE. To the best of my knowledge, that is correct, as of this time.

Senator GOLDWATER. How many members are there?

Mr. CALABRESE. There are approximately 5,000 members.

Mr. KENNEDY. You also have a health and welfare plan, Mr. Abata?

TESTIMONY OF DOMINIC ABATA—Resumed

Mr. ABATA. That is right, sir.

Mr. KENNEDY. Did you have anything to do with the negotiations for the health and welfare plan?

Mr. ABATA. No, sir.

Mr. KENNEDY. Was that health and welfare plan that exists in the union trusted or was it trusted at the time you were there? Were there trustees?

Mr. ABATA. Yes, sir.

Mr. KENNEDY. Who were they?

Mr. ABATA. The trustee was Joseph Glimco.

Mr. KENNEDY. Who was the employer trustee?

Mr. ABATA. Joseph Glimco was the trustee.

Mr. KENNEDY. Who was the employer trustee?

Mr. ABATA. It was that, I think.

Mr. KENNEDY. Did they actually have trustees to supervise the expenditure of this money?

Mr. ABATA. No, they did not.

Mr. KENNEDY. Can you tell the committee why, where a health and welfare fund was set up for the benefit of the employees, why the employer did not require that they have a representative as a trustee?

Mr. ABATA. I can't answer that, Mr. Kennedy. I don't know.

Mr. KENNEDY. Mr. Calabrese, have we found that there was a representative of the employers?

Mr. CALABRESE. There was no employer trustee.

Mr. KENNEDY. Until January of this year?

Mr. CALABRESE. Until January of this year.

Mr. KENNEDY. Up until the time we made our investigation, there was no supervision by anyone except Joey Glimco of the money that went into this health and welfare fund?

Mr. CALABRESE. That is right. He was the administrator of the fund.

Mr. KENNEDY. Were there any employee contributions to the fund?

Mr. ABATA. Not to my knowledge.

Mr. KENNEDY. Were there any?

Mr. CALABRESE. There were not.

Mr. KENNEDY. This was all employer—

Mr. CALABRESE. This was all employer-contributed.

Mr. KENNEDY. Yet the employer had no one to supervise the expenditures of the fund?

Mr. CALABRESE. They had no one to supervise.

Mr. KENNEDY. Why was that allowed to exist, Mr. Abata?

Mr. ABATA. Mr. Kennedy, I wasn't even told about the health and welfare plan at all.

The CHAIRMAN. What?

Mr. ABATA. I never knew until they moved into the office, the cab office.

Mr. KENNEDY. You never even knew that there was such a plan negotiated?

Mr. ABATA. No, I never knew. Mr. Glimco did that.

Mr. KENNEDY. You were president of the union.

Mr. ABATA. He was going around me. He was lobbying against me all the time. I never knew what was going on.

Senator GOLDWATER. Mr. Abata, you were made president of this local in 1937?

Mr. ABATA. Right, sir.

Senator GOLDWATER. That was the time that it was founded; is that right?

Mr. ABATA. Right, sir.

Senator GOLDWATER. Were you active in the formation of this local?

Mr. ABATA. Right, sir.

Senator GOLDWATER. What was your employment before that time?

Mr. ABATA. I was a Checker cab driver.

Senator GOLDWATER. And did you and a group of your fellow drivers petition for the establishment of a local?

Mr. ABATA. I don't follow you, sir.

Senator GOLDWATER. Did you and a group of your employees meet and decide that you wanted a local?

Mr. ABATA. Yes, sir.

Senator GOLDWATER. Who did you go to?

Mr. ABATA. Well, we had a big cab strike in Chicago in 1937, Senator.

Senator GOLDWATER. You were elected, then, the president in 1937?

Mr. ABATA. Right, sir.

Senator GOLDWATER. How many members did you have at that time? Do you remember?

Mr. ABATA. I guess about 5,000.

Senator GOLDWATER. How many came to the meeting hall to vote for the president, do you remember?

Mr. ABATA. It was quite a few. Quite a few.

Senator GOLDWATER. Did you, during the 20 years, the last 20 years, or, say, the 18 years that you were in, have consistently large crowds at your election meetings?

Mr. ABATA. I would say yes.

Senator GOLDWATER. Did you ever have opposition at any time?

Mr. ABATA. Yes, I did.

Mr. KENNEDY. Mr. Calabrese, let me ask you if Occidental Life Insurance Co.—they are the ones that have this insurance?

Mr. CALABRESE. Yes. They are the carriers.

Mr. KENNEDY. Who are the agents?

Mr. CALABRESE. The agent is the Dearborn Insurance Agency.

Mr. KENNEDY. Do they have many plans, that insurance company or the agency, have any plans that are not trusteeed?

Mr. CALABRESE. This is the only plan that was not trusteeed.

Mr. KENNEDY. Is there any explanation as to why these two cab companies, these two major cab companies in Chicago, would not require this plan to be trusteeed?

Mr. CALABRESE. Their explanation at one time was that this was part of the contract, to contribute to the health and welfare fund, and they had no interest as to what happened after they paid or fulfilled their obligation under the contract.

The CHAIRMAN. What did that welfare fund amount to annually? How much did the cab owners contribute annually to this welfare fund? Get it from each cab company, if you have it?

Mr. CALABRESE. We have a schedule on it, Senator, but I will have to get that.

The CHAIRMAN. We will go into something else then, for the moment.

Mr. KENNEDY. We are going into that in detail, Mr. Chairman.

The CHAIRMAN. I thought maybe you had it there.

All right. Proceed.

Mr. KENNEDY. You do not know how it was that the Dearborn Insurance Agency was selected?

Mr. ABATA. No, I don't.

Mr. KENNEDY. You don't know how it was that the Occidental Insurance Co. was selected as the carrier?

Mr. ABATA. I don't know, no. And neither does anybody else, Mr. Kennedy.

Mr. KENNEDY. This was done by Joey Glimco, with the cab companies?

Mr. ABATA. That is right.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you very much. You may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Arthur Nelson.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. NELSON. I do.

TESTIMONY OF ARTHUR NELSON

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. NELSON. My name is Arthur Nelson. I live in Park Ridge, Ill. I work for the Cook County Highway Department.

The CHAIRMAN. Do you waive counsel, Mr. Nelson?

Mr. NELSON. Yes, sir.

The CHAIRMAN. Thank you, sir.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Nelson, you were a scavenger in the Fulton Street Market?

Mr. NELSON. Yes, sir.

Mr. KENNEDY. You were there from 1914 to 1948; is that right?

Mr. NELSON. That is right.

Mr. KENNEDY. From the late 1930's to 1948 you would pick up feathers in the Fulton Street Market?

Mr. NELSON. That is right.

Mr. KENNEDY. You would be paid by the various people to pick up their feathers; is that right?

Mr. NELSON. That is right.

Mr. KENNEDY. Then you had an arrangement that you could sell those feathers; is that right?

Mr. NELSON. Well, I don't know what you mean by arrangement.

Mr. KENNEDY. To the Sumner Cartage Co.?

Mr. NELSON. I didn't sell them to them. I gave them to them.

Mr. KENNEDY. On occasion they paid you for them?

Mr. NELSON. Not me.

Mr. KENNEDY. Originally, then, going back prior to the time that you turned them over to Sumner, when you turned them over to Burton-Dixie Co., which is a mattress and bedding company in Chicago, when you used to—first, you would be paid by the people to pick up their feathers, and then when you turned them over to this company you would also be paid by them?

Mr. NELSON. Yes. I would get \$5 a load.

Mr. KENNEDY. This went on until what? What year?

Mr. NELSON. I think it was 1936.

Mr. KENNEDY. Until 1936?

Mr. NELSON. Yes.

Mr. KENNEDY. At that time was it suggested that another company be set up?

Mr. NELSON. That is right.

Mr. KENNEDY. Who suggested that to you?

Mr. NELSON. Mr. Sumner.

Mr. KENNEDY. Who was Mr. Sumner?

Mr. NELSON. Well, he is a fellow that is in the hauling of produce down there and he is also in the feather business.

Mr. KENNEDY. He is from the Sumner Cartage Co.?

Mr. NELSON. That is right.

Mr. KENNEDY. Who was going to be in the company?

Mr. NELSON. Well, they wanted Mr. Sumner, Mr. Hanley and I.

Mr. KENNEDY. That was Witt Hanley, the Teamster official?

Mr. NELSON. That is right.

Mr. KENNEDY. What is Sumner's first name?

Mr. NELSON. The father, I think was Abraham.

Mr. KENNEDY. Abraham?

Mr. NELSON. I think it was; yes.

Mr. KENNEDY. Did you agree to go along with that?

Mr. NELSON. Yes. I gave them the feathers.

Mr. KENNEDY. Did you go into the company with them?

Mr. NELSON. No, I didn't go into the company.

Mr. KENNEDY. Why didn't you go into the company?

Mr. NELSON. I didn't want to have any part of it.

Mr. KENNEDY. You didn't want to have any part of it?

Mr. NELSON. Yes, sir.

Mr. KENNEDY. You thought there was something wrong with it?

Mr. NELSON. Yes.

Mr. KENNEDY. With Mr. Hanley being a union official?

Mr. NELSON. That is one reason.

Mr. KENNEDY. You gave them the feathers?

Mr. NELSON. That is right.

Mr. KENNEDY. You no longer sold them to Burton-Dixie?

Mr. NELSON. That is right.

Mr. KENNEDY. You voluntarily turned them over to this company that they set up?

Mr. NELSON. That is right.

Mr. KENNEDY. Mr. Hanley and Mr. Sumner?

Mr. NELSON. Yes.

Mr. KENNEDY. What was that company called, the Sumner Cartage Co.?

Mr. NELSON. Well, that was the name, the Sumner Cartage. They didn't give any name to the feather company. They just—we went under the name of Sumner's.

Mr. KENNEDY. Did you receive any money in connection with this at all?

Mr. NELSON. For my share?

Mr. KENNEDY. Yes.

Mr. NELSON. No. Only what I got paid from the merchants for hauling the feathers.

Mr. KENNEDY. Did you receive any money at all? Did you receive any checks during this period of time?

Mr. NELSON. I received checks; yes, I did.

Mr. KENNEDY. You received the checks from whom?

Mr. NELSON. Mr. Sumner.

Mr. KENNEDY. What were the checks for?

Mr. NELSON. For the feathers they sold to Burton-Dixie.

Mr. KENNEDY. What would you do with that money?

Mr. NELSON. I would cash the check and give it to Mr. Hanley.

Mr. KENNEDY. You gave it to Mr. Hanley?

Mr. NELSON. That is right.

Mr. KENNEDY. Why would you turn over the money that you were being paid to Mr. Hanley?

Mr. NELSON. Well, the way I can answer is just that that is the way they wanted to set up and I went along with it.

Mr. KENNEDY. This was because he was a union official?

Mr. NELSON. That is right.

Mr. KENNEDY. So you had to kick back the money that you received to Mr. Hanley; is that right?

Mr. NELSON. Yes. Well, it was the company that they set up. They put the checks in my name and I would cash them and give them to him.

Mr. KENNEDY. How many years did this go on?

Mr. NELSON. Well, let's see. From 1936 until Mr. Hanley died in 1944.

Mr. KENNEDY. 1944?

Mr. NELSON. That is right.

Mr. KENNEDY. Did that situation continue? What did you do after Mr. Hanley died?

Mr. NELSON. Well, for about 3 months I didn't hear from anybody and then I had a call from Mr. Glimco.

Mr. KENNEDY. What did Mr. Glimco say?

Mr. NELSON. He asked me if I would come over to the cab office and see him. I told him I didn't want to go over to the cab company.

Mr. KENNEDY. You said what?

Mr. NELSON. That I didn't want to go over to the cab office. So we arranged a day to be at Gold's Restaurant at Halsted—on Roosevelt Road and Halsted. So I went over and met him at the restaurant. We sat down and had a cup of coffee.

He asked me how much would Hanley own of my business. I told him he didn't own any part of my business at all. He didn't have any. He said he was just checking up to find out. Then I didn't hear from him. I would see him around the market, but there wasn't nothing said any more about anything. But he would get the checks.

Mr. KENNEDY. How would he get the checks?

Mr. NELSON. He would get them from me.

Mr. KENNEDY. You would continue the same arrangements?

Mr. NELSON. The same arrangements.

Mr. KENNEDY. Who told you to continue the same arrangements?

Mr. NELSON. He did.

Mr. KENNEDY. The same arrangement you had with Hanley to continue with him?

Mr. NELSON. That is right.

Mr. KENNEDY. So as you were paid now for the feathers instead of making the checks over to Mr. Hanley, you would make them over to Mr. Glimco?

Mr. NELSON. I would hand the money over. The checks were made to me.

Mr. KENNEDY. You would cash the checks and hand the money over?

Mr. NELSON. Yes.

Mr. KENNEDY. Would that be weekly?

Mr. NELSON. Sometimes it would be weekly and sometimes it would be monthly. The business wasn't too good when we got it. It was sick.

Mr. KENNEDY. You would receive some \$50 or \$60 a week?

Mr. NELSON. Well, that is going back to the time of Hanley. We didn't get that—

Mr. KENNEDY. How much money were you getting during the time that Mr. Glimco was receiving money?

Mr. NELSON. Well, that would be hard to say. Some weeks we would get \$50, \$40, maybe some weeks we might get \$60; some weeks it might be \$30. I don't know exactly.

Mr. KENNEDY. Up to \$100 or \$125 on occasion?

Mr. NELSON. No, not that.

Mr. KENNEDY. Around \$50 or \$60 a week?

Mr. NELSON. Yes.

Mr. KENNEDY. You would get that cash and turn it over each week to Mr. Glimco?

Mr. NELSON. That is right.

Mr. KENNEDY. Who paid the taxes on that?

Mr. NELSON. I did.

Mr. KENNEDY. He didn't pay the taxes?

Mr. NELSON. I did.

Mr. KENNEDY. Did he tell you he wanted you to pay the taxes on it?

Mr. NELSON. Yes, sir.

Mr. KENNEDY. So you declared it?

Mr. NELSON. Yes.

Mr. KENNEDY. And you deducted that money?

Mr. NELSON. That is right.

Mr. KENNEDY. When did you sell the business?

Mr. NELSON. I sold the business in 1948.

Mr. KENNEDY. Did you have to make any payment to Mr. Glimco when you sold the business?

Mr. NELSON. Yes, I did.

Mr. KENNEDY. How much money did you pay him? Why did you have to make a payment to him when you sold your business?

Mr. NELSON. Well, he wanted \$4,000.

Mr. KENNEDY. Why did you pay him?

Mr. NELSON. Why did I?

Mr. KENNEDY. Yes.

Mr. NELSON. Because I had a little sickness and I wanted to get out of the business and I was glad to pay it to get out of there, to tell you the truth.

Mr. KENNEDY. So in order to sell your business you had to kick back another \$4,000 to him?

Mr. NELSON. Yes.

The CHAIRMAN. What did you get for your business?

Mr. NELSON. I sold it for \$18,000.

The CHAIRMAN. \$18,000?

Mr. NELSON. That is right.

The CHAIRMAN. He took nearly a fourth of it, then, as his cut?

Mr. NELSON. Sir?

The CHAIRMAN. He took nearly a fourth of it as his cut?

Mr. NELSON. Yes.

Mr. KENNEDY. To whom did you sell the business?

Mr. NELSON. Dudek; Walter Dudek and his brother.

Mr. KENNEDY. How much did he pay you and in what way?

Mr. NELSON. Well, before he paid anything, Joe Glimco wanted to meet the Dudek boys. So I made a date up at my office.

Mr. KENNEDY. This was before you could actually sell the business?

Mr. NELSON. That is right.

Mr. KENNEDY. He wanted to see them?

Mr. NELSON. That is right. So I called one of the Dudek boys. In fact, I saw him out at the place of business and told him to come down to the office the next day, and had an appointment with Joe to see him. So he come up there.

I left them in my office and walked out. I don't know what was said or any part of it, except when he come out he said they were all right.

Mr. KENNEDY. Who said that?

Mr. NELSON. Mr. Glimco. So about 2 or 3 days later I met Walter at 35th and Cicero, at the bank, and he gave me \$6,000. He said he would give me \$8,000 tomorrow or the next day and take a note for \$4,000. So I took the \$6,000 and I saw Glimco at the market and gave him \$2,000 and told him he would have to take a note for the \$2,000.

Mr. KENNEDY. Rather than \$4,000 in cash?

Mr. NELSON. That is right. I said, "How do you want the note made out?" and he said, "Make it out in my name," which I did.

Mr. KENNEDY. You gave him \$2,000 in cash and he got a note for \$2,000?

Mr. NELSON. That is right.

Mr. KENNEDY. The note was from Mr. Dudek; is that right?

Mr. NELSON. That is right.

Mr. KENNEDY. Then you were out of the business?

Mr. NELSON. Yes, sir.

Mr. KENNEDY. Mr. Chairman, here are some of the checks.

The CHAIRMAN. I hand you here a bundle of checks, probably 25, 30 or 40 checks. These are photostatic copies. They all appear to be given by Sumner Brothers, all made payable to you in varying amounts.

In glancing through them I see they range from \$26 up to \$200 and some odd dollars.

Mr. NELSON. That could be.

The CHAIRMAN. I will ask you to glance through this bundle of checks, photostatic copies of checks, and see if you identify them as photostatic copies of the checks that you have been testifying about, or at least some of them.

(The documents were handed to the witness.)

Mr. NELSON. There is one here that I don't—

The CHAIRMAN. If you see one that you do not identify, you may remove it.

Mr. NELSON. I identify it, but I can't understand the name underneath it.

The CHAIRMAN. Let us have that one for a moment. Glance through the others.

You got the money on them, as I understand it.

Mr. NELSON. Yes.

The CHAIRMAN. All right; go ahead.

Mr. KENNEDY. The reason I am asking about those is that I never had anybody else—they are signed by whom?

Mr. NELSON. I never signed—

Mr. KENNEDY. After you endorsed the check, they might have gone anyplace.

Mr. NELSON. No; I cashed them at the bank.

Mr. KENNEDY. You didn't always follow that procedure with Mr. Hanley, did you?

Mr. NELSON. What was that?

Mr. KENNEDY. Always cash the checks and turn the money over to him?

Mr. NELSON. Yes.

Mr. KENNEDY. We have checks here with his endorsement.

Mr. NELSON. Yes; that is the procedure. I cashed the checks.

The CHAIRMAN. You have examined those you have in your hand?

Mr. NELSON. Wait until I see about the rest of them.

The CHAIRMAN. Very well.

Mr. NELSON. Yes.

The CHAIRMAN. At least those you are now handing to the clerk, that batch of checks are photostatic copies of checks that you cashed and paid the money over to whom?

Mr. NELSON. Those to Mr. Glimco.

The CHAIRMAN. Those are the Glimco checks?

Mr. NELSON. Yes, sir.

The CHAIRMAN. So the proceeds of those checks went to Glimco?

Mr. NELSON. That is right.

The CHAIRMAN. You got nothing out of it whatsoever?

Mr. NELSON. No.

The CHAIRMAN. From the checks I originally handed you, you have withdrawn five checks.

Mr. NELSON. The reason I withdrew them, sir, is I never give a check—there are some signed by Hanley or Hanley, Jr. I never give checks to anybody. They took cash.

The CHAIRMAN. Let me ask you about these checks. Those that the clerk has will be made exhibit No. 1.

(Checks referred to were marked "Exhibit No. 1" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I hand you back the five checks you withdrew from the original stack, and ask you to examine them and state if your signature does not appear on the reverse side of them as the first endorser?

Mr. NELSON. My signature is on there; yes, sir.

The CHAIRMAN. Then you obviously at some time handled the checks.

Mr. NELSON. Yes. These are way back in 1944.

The CHAIRMAN. I understand.

Mr. NELSON. This is before Glimco got them. This is in 1944.

The CHAIRMAN. That was before Glimco got into the picture?

Mr. NELSON. Yes. This is a 1944 check.

The CHAIRMAN. That may account for it.

Mr. NELSON. That would be years ago, to Hanley.

The CHAIRMAN. Who got that money?

Mr. NELSON. He did.

The CHAIRMAN. Who?

Mr. NELSON. Mr. Hanley.

The CHAIRMAN. Hanley got the money for these checks?

Mr. NELSON. That is right.

The CHAIRMAN. And Glimco got the money from the others?

Mr. NELSON. I will look at the dates again, if you don't mind. Here is a 1944 check.

Mr. KENNEDY. He died in May of 1944.

Mr. NELSON. This one is March. Here is an April.

Mr. KENNEDY. This is October 1944.

Mr. NELSON. These checks here are February 1944.

The CHAIRMAN. Didn't all of the money represented by those checks come through your hands?

Mr. NELSON. Yes; they did.

Mr. KENNEDY. And the money either went to Witt Hanley or Joey Glimco?

Mr. NELSON. Yes.

The CHAIRMAN. The five checks he referred to may be exhibit No. 1A.

(Checks referred to were marked "Exhibit No. 1A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, from an examination of those checks, at least in 1944, there was some \$5,604.75, and in 1945 some \$2,244.25. There are also some miscellaneous checks in there of 1946. Those are the only checks that we have available except prior to that time.

The CHAIRMAN. Prior to that time Hanley got all the money?

Mr. NELSON. That is right.

The CHAIRMAN. And that is the way it was handled?

Mr. NELSON. That is right.

The CHAIRMAN. You state under oath that the money you got on these checks, you either gave to Hanley or to Glimco?

Mr. NELSON. That is right; yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. When you sold your business, another \$2,000 was given directly by you to Joey Glimco?

Mr. NELSON. That is right.

Mr. KENNEDY. And the other \$2,000 was a note?

Mr. NELSON. I didn't give him the money.

Mr. KENNEDY. No; he got a \$2,000 note?

Mr. NELSON. That is right.

Mr. KENNEDY. Did he ever invest in your business?

Mr. NELSON. No, sir.

Mr. KENNEDY. He never invested any money?

Mr. NELSON. No, sir.

Mr. KENNEDY. This was all sort of a gift in order to do business?

Mr. NELSON. Well, I guess you would call it that.

The CHAIRMAN. What do you call it?

Mr. NELSON. Well, I don't know.

The CHAIRMAN. You can tell us better than anyone else. You are familiar with it. You are the one that it cost. What did you call it? What did you think it was?

Mr. NELSON. Well, it was a gift.

The CHAIRMAN. A voluntary gift?

Mr. NELSON. Yes.

The CHAIRMAN. You say it was a voluntary gift?

Mr. NELSON. Well, I wouldn't say a voluntary gift.

The CHAIRMAN. You gave it under pressure, didn't you?

Mr. NELSON. Yes, sir.

The CHAIRMAN. In other words, you didn't want to give it, but you felt you had to?

Mr. NELSON. I have a family. I could have used that money, too.

The CHAIRMAN. You could have used the money, too?

Mr. NELSON. Yes sir; very well.

The CHAIRMAN. Very well. Proceed.

Senator GOLDWATER. I want to know what would have happened if you didn't agree to this arrangement.

Mr. NELSON. Well, the answer to that I couldn't say what would happen. A lot of things could happen.

Senator GOLDWATER. Well, such as?

Mr. NELSON. Well, I don't know. Maybe take your business away or something. Something might happen. I don't know.

Senator GOLDWATER. How would they take your business away?

Mr. NELSON. Well, that is something I don't want to go into. To take your business, it just happens that way. That is all.

The CHAIRMAN. Sometimes they take you away from the business, too, don't they?

Mr. NELSON. Yes, sir.

Mr. KENNEDY. That was the greatest fear that you had, was it not?

Mr. NELSON. Since I had that plane ride, I can't hear good.

The CHAIRMAN. He said that was the greatest fear that you had. In other words, you were afraid of physical violence?

Mr. NELSON. Well, I wanted to get out of the business. I had a little heart condition.

The CHAIRMAN. That would give somebody a heart condition, wouldn't it?

Mr. NELSON. I put in a lot of years on that market.

Senator GOLDWATER. Is Glimco known as the king of Fulton Street?

Mr. NELSON. I wouldn't call him the king of Fulton Street.

Senator GOLDWATER. The boss of Fulton Street?

Mr. NELSON. The boss.

Senator GOLDWATER. Did every business in that area pay him the same?

Mr. NELSON. I don't know, sir. I took care of my work and minded my own business. That was all.

Senator GOLDWATER. How did he approach you the first time?

Mr. NELSON. As I stated, he called me and we made a date to meet at the restaurant, at Gold's Restaurant, after Mr. Hanley died, and he said he was going to take over.

Senator GOLDWATER. He had no competition?

Mr. NELSON. No, I don't think so.

Mr. KENNEDY. The merchants in that area and the people that work around that area, are they in fear of Joe Glimco and the people that he represents?

Mr. NELSON. In the market?

Mr. KENNEDY. Yes.

Mr. NELSON. He eats in a restaurant down there.

Mr. KENNEDY. No, I say are they in fear or were they in fear of Joe Glimco and the people he represents?

Mr. NELSON. Mr. Kennedy, I was down there, and I didn't have time to fool around. I went out and drove a truck and took care of my business. I didn't know what the other fellows were doing.

Mr. KENNEDY. Did you understand that that was the condition that existed?

Mr. NELSON. Yes.

Mr. KENNEDY. What?

Mr. NELSON. Yes, sir. That is what I heard, that he was the boss and that was it.

Mr. KENNEDY. I mean, that was one of the reasons that you paid him off, was it not?

Mr. NELSON. Yes.

Mr. KENNEDY. Just to go back a little bit into one matter that is not directly involved with Mr. Glimco, but which is of some interest, you were driven out of business once before, were you not?

Mr. NELSON. I was.

Mr. KENNEDY. That was back in 1932?

Mr. NELSON. October 1, 1932.

Mr. KENNEDY. Was that in connection with the Teamsters, again?

Mr. NELSON. Well, I wouldn't say the Teamsters.

Mr. KENNEDY. Mr. Bert Delaney?

Mr. NELSON. Yes.

Mr. KENNEDY. What happened?

Mr. NELSON. Well, he told me I couldn't operate down at the market any more.

Mr. KENNEDY. Who is Mr. Bert Delaney?

Mr. NELSON. Well, I didn't know the man then, but from what I heard he was connected with one of the old Capone outfits.

Mr. KENNEDY. He told you that you would have to get out of business?

Mr. NELSON. That is right.

Mr. KENNEDY. Did you go to Mr. Hanley then?

Mr. NELSON. Yes, I did.

Mr. KENNEDY. What did Mr. Hanley say?

Mr. NELSON. He said he couldn't do anything about it at the time.

Mr. KENNEDY. So you got out of business?

Mr. NELSON. No, I operated.

Mr. KENNEDY. Were you put out of business at all?

Mr. NELSON. No. I kept on working.

Mr. KENNEDY. Did you lose money?

Mr. NELSON. Yes, sir. I lost about \$18,000.

Mr. KENNEDY. Because of this pressure?

Mr. NELSON. Yes, sir.

Mr. KENNEDY. Your business fell off, then? You didn't do as great a business?

Mr. NELSON. Well, it fell off. I should say it did.

Mr. KENNEDY. That lasted for about 18 months?

Mr. NELSON. 18 months.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything else?

If not, thank you very much, Mr. Nelson.

Mr. NELSON. Could I ask you a question, Senator?

Am I dismissed so I can make a plane home?

The CHAIRMAN. So you can make a plane home?

You may go, Mr. Nelson.

Mr. NELSON. Thank you, sir.

The CHAIRMAN. Thank you, sir.

Call the next witness.

Mr. KENNEDY. Mr. Dudek.

The CHAIRMAN. Be sworn, sir.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUDEK. I do.

TESTIMONY OF WALTER DUDEK

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DUDEK. Walter Dudek. I live at 3536 South Kedzie. I am a scavenger.

The CHAIRMAN. What did you say your business is?

Mr. DUDEK. I am a scavenger operator.

The CHAIRMAN. You waive counsel, do you?

Mr. DUDEK. Yes.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Dudek, you purchased a scavenger business from Mr. Arthur Nelson in 1948; is that right?

Mr. DUDEK. I did; yes.

Mr. KENNEDY. You purchased it for some \$18,000?

Mr. DUDEK. That is right.

Mr. KENNEDY. And you paid Mr. Nelson \$14,000 in cash and two \$2,000 notes; is that right?

Mr. DUDEK. Yes, sir.

Mr. KENNEDY. Were both of the notes made out to Mr. Nelson?

Mr. DUDEK. No. One was made to Nelson and one was made to Glimco.

Mr. KENNEDY. Why was a note made out to Mr. Glimco?

Mr. DUDEK. Nelson wanted it that way.

Mr. KENNEDY. Did you know who Mr. Glimco was at that time?

Mr. DUDEK. No, sir.

Mr. KENNEDY. Had you met Mr. Glimco?

Mr. DUDEK. I had met him.

Mr. KENNEDY. Where had you met him?

Mr. DUDEK. Up at the market.

Mr. KENNEDY. Who did you understand he was?

Mr. DUDEK. He was the boss.

Mr. KENNEDY. He was the boss?

Mr. DUDEK. Yes, sir.

Mr. KENNEDY. How was he able to be boss of the Fulton Street Market?

Mr. DUDEK. How? I don't know.

Mr. KENNEDY. What was his position that would allow him to be boss of the market?

Mr. DUDEK. That is what he says when I met him so that is how I know him.

The CHAIRMAN. Do you mean he told you he was the boss?

Mr. DUDEK. Yes.

The CHAIRMAN. You believed him?

Mr. KENNEDY. You were told by others that he was the boss also?

Mr. DUDEK. No.

Mr. KENNEDY. When you went to see him at Mr. Nelson's office, were you told that he was the boss?

Mr. DUDEK. Nelson told me that.

Mr. KENNEDY. Nelson told you also?

Mr. DUDEK. Yes.

Mr. KENNEDY. Did you find out that he was in fact the boss?

Mr. DUDEK. I paid him no mind.

Mr. KENNEDY. What?

Mr. DUDEK. I never paid him no mind.

Mr. KENNEDY. Did you find out that he was the boss?

Mr. DUDEK. I don't know whether he was or not. I never paid him no mind.

Mr. KENNEDY. Were you able to keep the contract with the Sumner Bros.?

Mr. DUDEK. Yes.

Mr. KENNEDY. Did you continue to keep the contract with the Sumner Bros.?

Mr. DUDEK. Yes, sir.

Mr. KENNEDY. You kept turning over feathers to them?

Mr. DUDEK. That is right.

Mr. KENNEDY. Did you get paid for it?

Mr. DUDEK. No, sir.

Mr. KENNEDY. You never got any money?

Mr. DUDEK. Never got a dime.

Mr. KENNEDY. Why was it arranged that you would turn over the feathers to the Sumner Bros. as your predecessor had been doing and yet not be paid for the business?

Mr. DUDEK. The only reason I done it was that it saved me a dump bill, a scavenger bill.

Mr. KENNEDY. Do you know who got paid instead of you?

Mr. DUDEK. No.

Mr. KENNEDY. Do you know what arrangements were made now that the money was not going directly from you to Glimco, how the money was to be paid?

Mr. DUDEK. I don't know that.

Mr. KENNEDY. But you never got paid?

Mr. DUDEK. I never got a dime.

Mr. KENNEDY. You continued the same contract of turning the feathers over but you never got paid for it as your predecessor had?

Mr. DUDEK. That is right.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

If not, you may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Sumner.

The CHAIRMAN. Come forward, Mr. Sumner. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SUMNER. I do.

TESTIMONY OF SAMUEL SUMNER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SUMNER. Samuel Sumner, 5931 North Bernard. We are in the poultry business and feather business.

The CHAIRMAN. Do you waive counsel? Do you waive an attorney? You do not want an attorney? Do you want a lawyer to represent you?

Mr. SUMNER. No.

The CHAIRMAN. No.

Mr. KENNEDY. Mr. Sumner, you were purchasing, and your family had prior to the time you took over the business—you had been purchasing the chicken feathers from Mr. Nelson?

Mr. SUMNER. Yes, sir.

Mr. KENNEDY. And then you sold those chicken feathers either to Burton-Dixie or the Globe Feather Co.?

Mr. SUMNER. Right.

Mr. KENNEDY. Then Mr. Nelson sold out his business to Mr. Dudek; is that right?

Mr. SUMNER. Yes; Mr. Nelson sold out; yes.

Mr. KENNEDY. To Mr. Dudek?

Mr. SUMNER. That is right.

Mr. KENNEDY. You continued to get your feathers from the successor of Mr. Nelson, Mr. Dudek, did you not?

Mr. SUMNER. Well, I got it through Mr. Mallec.

Mr. KENNEDY. You continued to get your feathers from the same man, did you not?

Mr. SUMNER. Yes, it was.

Mr. KENNEDY. Mr. Dudek brought the feathers to you?

Mr. SUMNER. Right.

Mr. KENNEDY. Did you pay Mr. Dudek for the feathers?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Who did you pay for the feathers?

Mr. SUMNER. Mr. Mallec.

Mr. KENNEDY. Who is Mr. Mallec?

Mr. SUMNER. He used to be the inspector on the street.

Mr. KENNEDY. Mr. John Mallec?

Mr. SUMNER. Right.

Mr. KENNEDY. He was a chicken inspector for the Chicago Poultry Board?

Mr. SUMNER. Right.

Mr. KENNEDY. That is a private organization?

Mr. SUMNER. I wouldn't know what they are.

Mr. KENNEDY. But you paid him; is that right?

Mr. SUMNER. Yes. He sent them over to me and I used to give him a little commission, whatever I told him was right.

Mr. KENNEDY. Did you know of the relationship that existed between Mr. Mallec and Mr. Glimco?

Mr. SUMNER. I don't.

Mr. KENNEDY. Did you know Mr. Mallec was a bag man for Mr. Glimco?

Mr. SUMNER. I know Mr. Mallec from the street.

Mr. KENNEDY. Do you know he collected money around there for Mr. Glimco?

Mr. SUMNER. I wouldn't know.

Mr. KENNEDY. How much money did you pay him?

Mr. SUMNER. To who?

Mr. KENNEDY. How much money did you pay him?

The CHAIRMAN. How much money did you pay him?

Mr. SUMNER. Well, it used to be \$25, \$30, or \$40; whatever it used to come out.

Mr. KENNEDY. From 1949 to April of 1957, according to a review of your records, you paid him \$24,069; paid Mr. Mallec.

Mr. SUMNER. Whatever it was.

Mr. KENNEDY. Did Mr. Mallec sell you any feathers?

Mr. SUMNER. Did he sell me?

Mr. KENNEDY. Yes. Were they his feathers?

Mr. SUMNER. Geese feathers?

Mr. KENNEDY. Yes.

Mr. SUMNER. No. Those feathers is different altogether.

Mr. KENNEDY. Now were they geese feathers; were they his feathers?

Mr. SUMNER. I don't get it.

Mr. KENNEDY. Were they his feathers?

Mr. SUMNER. I don't get it.

The CHAIRMAN. Let's get this straight. You paid Mallec?

Mr. SUMNER. Yes, sir.

The CHAIRMAN. Did you buy feathers from him?

Mr. SUMNER. Yes, I bought it off of him. He used to send it over to me.

The CHAIRMAN. Mallec sent the feathers to you?

Mr. SUMNER. Yes.

The CHAIRMAN. Didn't Dudek bring the feathers to you?

Mr. SUMNER. He got the connection with Dudek. I don't know what he did. I don't know that Dudek is in with it, and Mallec come over to me and says can I use some feathers and I said "Yes," and he said, "I will bring them to you; I will send them over to you," and I said, "OK."

The CHAIRMAN. You thought Mallec was sending Dudek over there?

Mr. SUMNER. I got them through Mallec.

The CHAIRMAN. You got the feathers through Mallec?

Mr. SUMNER. Yes, sir.

The CHAIRMAN. Dudek was delivering the feathers and his predecessor Nelson was delivering the feathers.

Mr. SUMNER. When Nelson was over there, that was during my dad's time.

The CHAIRMAN. You don't know anything about the arrangements made of paying Nelson?

Mr. SUMNER. No, sir; I don't know. What my dad had with Nelson, I don't know what he had. But it had been going that way, just the way it was, and after my dad passed away it was going the same way.

Mr. KENNEDY. I want it clearly understood, Mr. Chairman, that he continued to buy feathers after his father died.

You purchased feathers from Mr. Nelson?

Mr. SUMNER. Yes.

Mr. KENNEDY. Then Mr. Nelson got out of business; he sold his business in 1948 and you had been doing business with him for about 3 years, yourself?

Mr. SUMNER. Yes.

Mr. KENNEDY. Then he sold his business in 1948 to Mr. Dudek?

Mr. SUMNER. Yes.

Mr. KENNEDY. Then Mr. Dudek started selling you feathers?

Mr. SUMNER. Well, I don't know who was buying.

Mr. KENNEDY. You knew Mr. Dudek was selling you feathers?

Mr. SUMNER. Not when Mr. Nelson sold it.

Mr. KENNEDY. After Mr. Nelson sold his company, Mr. Dudek came and sold you feathers?

Mr. SUMNER. Yes.

Mr. KENNEDY. Instead of paying Mr. Dudek for the feathers, you paid Mr. Mallec, who was an inspector for the Chicago Poultry Board?

Mr. SUMNER. I got it through his recommendations.

Mr. KENNEDY. You paid him over a period of 8 or 9 years some \$24,000, for just referring you to some place where you could get feathers?

Mr. SUMNER. That is what I was paying him, a little commission, for what he would send me over.

The CHAIRMAN. How did you figure the commission?

Mr. SUMNER. Well, the man comes over and he says he has some business for me if I want to buy some feathers, and I said yes.

The CHAIRMAN. How much did you figure the commission? On what basis did you determine what the commission was to be or how much you were to give a check for?

Mr. SUMNER. It all depends on what he used to come in. One week he would come in with more or less.

The CHAIRMAN. Sure. It depends on whether he brought one feather or two feathers, I am sure. How much per feather would you pay as commission?

Mr. SUMNER. He was getting \$40, \$50; I don't know what it used to come out; \$60.

The CHAIRMAN. You had some basis of arriving at what you were paying him, did you not? Were you paying him by the pound?

Mr. SUMNER. Whatever he used to come in; yes.

The CHAIRMAN. Whatever came in, did it come in by the pound or by the gallon?

Mr. SUMNER. It came in in cans.

The CHAIRMAN. Came in what?

Mr. SUMNER. In drums.

The CHAIRMAN. How much a drum did you pay?

Mr. SUMNER. Well, I used to pay whatever I have to work the stuff out. There was a lot of garbage in the stuff, some chickens in there. I used to pick them out. Then I used to pack them back in cans.

The CHAIRMAN. When you got that picked out, what did you pay?

Mr. SUMNER. We can't sell no garbage.

The CHAIRMAN. All right, I guess you can't sell that. I am talking about the feathers. You got some other stuff with it, but you got that stuff out. How much did you pay for the feathers?

Mr. SUMNER. I used to pay him by the week.

The CHAIRMAN. You didn't pay by the feather, but by the week?

Mr. SUMNER. Whatever he would bring me in a week's time, I would figure out what I would get out of it and then I would give him out of it.

The CHAIRMAN. Take a look at these photostatic copies of checks and see how much you paid.

(The documents were handed to the witness.)

The CHAIRMAN. There are 35, 40, or 50 checks there. Take a look through them and see if they look like the checks you gave.

Are you satisfied?

Mr. SUMNER. Yes; those are all mine.

The CHAIRMAN. Well, glance through a little further, down in the middle and around. Spot check it.

Do those appear to be checks that you gave for the feathers to Mr. Mallec?

Mr. SUMNER. Yes, sir.

The CHAIRMAN. They may be made exhibit No. 2.

(Checks referred to were marked "Exhibit No. 2" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. You knew, in fact, Mr. Sumner, you knew in fact that this money was going to Mr. Glimco, did you not?

Mr. SUMNER. I wouldn't know where it was going.

Mr. KENNEDY. You had discussed that, and you and Mr. Dudek knew it, that this was going to be the new arrangement, rather than pay Joe Glimco directly, as had been done through Mr. Nelson. It was now going to be done through Mr. Mallec?

Mr. SUMNER. I didn't know nothing about it.

Mr. KENNEDY. You know this is a strange arrangement, that you take a third party and pay him for the feathers Mr. Dudek was delivering?

Mr. SUMNER. I didn't know whether it was a strange party. When he sold them out, Mr. Mallec came over to me and he recommended me he was going to send me over the feathers.

Mr. KENNEDY. There is no problem. They would have been glad to have this business—Mr. Dudek. Mr. Nelson had been selling the feathers to you. Mr. Dudek would have been glad to. You could have saved all of this money, if he was willing to turn them over to you for free.

Mr. SUMNER. I didn't know that.

Mr. KENNEDY. You never had a conversation with him about it?

Mr. SUMNER. With who?

Mr. KENNEDY. With Mr. Dudek?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Do you mean you just paid out \$24,000 when you could have saved that money? You know that doesn't make any sense.

Mr. SUMNER. When he sold them, I didn't know Mr. Dudek was in there. Mr. Mallec, when he sold it, he came over to me, and he was the first one who came over to me.

Mr. KENNEDY. You knew Mr. Nelson had been bought out by Mr. Dudek?

Mr. SUMNER. Then I had to go see Mr. Dudek and he came along and to me I thought it makes no differences if he can get it for me.

Mr. KENNEDY. Without paying the commission you could have gone to him directly.

Mr. SUMNER. Well, I wouldn't know that.

Mr. KENNEDY. Of course you knew that. You are a businessman. You knew this was just a payback, a kickback, to Mr. Joey Glimco.

Mr. SUMNER. I wouldn't know where it was going.

The CHAIRMAN. You knew it was a kickback; didn't you?

Mr. SUMNER. I gave it to Mr. Mallec.

The CHAIRMAN. Well, you knew it was a kickback.

Mr. SUMNER. Well, maybe it was.

The CHAIRMAN. You knew it was; didn't you?

Mr. SUMNER. I didn't know nothing, Senator.

The CHAIRMAN. You didn't want to know anything; is that right?

Mr. SUMNER. When he came over to me, I started off with him, and this is the way we have been going. What he was doing with it, I don't know.

Mr. KENNEDY. The reason you are saying this, and the reason the previous witness testified as he did is because you are all scared; are you not?

Mr. SUMNER. I am not scared. We are 35 or 40 years in business.

Mr. KENNEDY. It is obvious that there is something more to this than what you are telling. You wouldn't be paying commissions like that. There is no reason to be paying out \$24,000.

Mr. SUMNER. Why wouldn't I, if I am in business and I am trying to make a living, in the feather business, and a man comes over and tells me he is going to send them over to me, he can get the feathers for me, I don't expect him to get it together for me for nothing. I have to give him something.

Mr. KENNEDY. Mr. Chairman, Mr. Mallec is here. Can we call him?

The CHAIRMAN. Come forward, Mr. Mallec. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MALLEC. I do.

TESTIMONY OF JOHN MALLEC, ACCOMPANIED BY COUNSEL,
J. I. BOLGER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MALLEC. My name is John Mallec. I live at 2246 West 24th Street, Chicago, Ill.

The CHAIRMAN. Mr. Mallec, what is your business?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Here is a fellow who just preceded you on the witness stand who is in the feather business. It didn't seem to incriminate him any. He says he has done business with you. Do you think it may be self-incriminating to admit that you have done business with Mr. Sumner?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have a lawyer?

Mr. MALLEC. Yes.

The CHAIRMAN. That doesn't incriminate you, does it, to say that?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The old broken record.

All right, Mr. Lawyer, identify yourself.

Mr. BOLGER. J. I. Bolger, of the Chicago bar.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Mallec, you were an inspector for the Chicago Poultry Board, which I understand was a private organization—

Mr. MALLEC. I respectfully decline to answer—

The CHAIRMAN. Wait a minute.

Mr. KENNEDY. From 1937 to the early part of 1957; is that right?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And this poultry board inspected the live poultry which came into the Fulton Street Market?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. As I understand, Mr. Counsel, as an inspector he was some kind of an official working for the Government?

Mr. KENNEDY. No.

The CHAIRMAN. What do you mean by the term "inspector"?

Mr. KENNEDY. It is a chicken inspector, and as I understand it this is a board and a group that was set up by the people who sold chickens in Chicago to inspect chickens.

The CHAIRMAN. It wasn't Government inspection, of any kind, municipal or State or otherwise?

Mr. KENNEDY. No. He was set up and being paid by that group to inspect the chickens as I understand it, the poultry.

Is that right, you were inspecting the chickens?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. How would it incriminate you to look at a chicken?

Is there anything incriminating about that, looking at a chicken?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. In 1948 this business of Mr. Nelson's was sold to Mr. Dudek, and Mr. Nelson had, prior to that time, been kicking back or making these payments, first to Mr. Hanley and then to Mr. Glimco. It was decided at that time to change the arrangement, was it not, Mr. Mallec?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And from then on, the money was siphoned through you rather than through Mr. Dudek; is that correct?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And Mr. Sumner paid you the money and you in turn paid it over to Mr. Glimco, did you not?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you made weekly trips, did you not, to the union headquarters and gave the money to Mr. Glimco in the union headquarters?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. When Mr. Glimco was not present, you left an envelope for him at the union headquarters; isn't that right?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, that is the situation that went on for some years, through 1957, to a total of \$24,000 or more.

The CHAIRMAN. Mr. Mallec, I hand you here what is exhibit 2 in the testimony, a series of checks—I am talking to you; pay attention to me, please, sir.

I present to you this series of checks made exhibit 2, photostatic copies of checks. I ask you to examine them and state if you identify them as photostatic copies of checks that you received.

(The documents were handed to the witness.)

The CHAIRMAN. I order you to look at the checks.

Place the checks in front of the witness.

I order you to examine those checks and state if you identify them.

Have you examined the checks?

Mr. MALLEC. I respectfully decline to answer——

The CHAIRMAN. Let the record show that he did examine the checks in the presence of everybody in this room, that he looked at them. Show him his signature, please, Mrs. Clerk.

State if that is your signature.

Mr. MALLEC. I respectfully decline to answer——

The CHAIRMAN. Are you ashamed of your signature?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Where were you born?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

(The witness conferred with his counsel.)

Mr. MALLEC. Yes.

The CHAIRMAN. Have you got a family?
(The witness conferred with his counsel.)

Mr. MALLEC. Yes, sir.

The CHAIRMAN. Is it a wife and children?

Mr. MALLEC. A wife. No children.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. You are also known as Big John, are you not?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Can you answer any question other than those asked you about your family, without self-incrimination? Can you answer any question about your business dealings, your life in that respect, without self-incrimination?

Mr. MALLEC. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are there any further questions?

If not, stand aside.

Call the next witness.

Have you any further questions of the witness Sumner?

TESTIMONY OF SAMUEL SUMNER—Resumed

Mr. KENNEDY. Have you anything to add to this?

Mr. SUMNER. No, sir; Senator.

The CHAIRMAN. Did you know you were dealing with that sort of character?

Mr. SUMNER. I have known him for years——

The CHAIRMAN. Did you have any dealings with him that ought to incriminate him, any transactions of yourself with him that ought to incriminate him that you know of?

Mr. SUMNER. I have been knowing him for years——

The CHAIRMAN. You have known him for years. I am asking you if there was anything in your transactions with him that you thing ought to incriminate him.

Mr. SUMNER. What do you mean by that?

The CHAIRMAN. Reflect on him.

Mr. SUMNER. Well, I paid him for it.

The CHAIRMAN. I know, but do you think that should reflect on him, the fact that you did business with him and you paid him? He said he can't answer questions like that because it might incriminate him.

Do you know what there was about it that might incriminate him? You were in on the transaction. What was it about your transactions that might incriminate this man? Do you know?

Mr. SUMNER. You can say that again, Senator?

The CHAIRMAN. What was there about your transactions that might incriminate this man? He states under oath that the transactions he had with you might incriminate him, if he told about them.

Mr. SUMNER. I don't know what he has in his mind. I ain't got no idea.

The CHAIRMAN. Do you know anything about them that you would regard as incriminating?

Mr. SUMNER. I wouldn't know, because I never thought he was that kind of a—I don't know.

The CHAIRMAN. "I never thought he was that kind of a—well, I don't know."

Well, stand aside.

Mr. KENNEDY. Once he referred this company to you, why did you continue to pay him money for 8 or 9 years?

Mr. SUMNER. Because I used to get it from him every week.

Mr. KENNEDY. You could always go directly to the company.

Mr. SUMNER. But he is the one that recommended it to me.

Mr. KENNEDY. Let us even assume that he was the one that recommended them, even though you have been doing business with this company for many years, why couldn't you have gone to that company for the first week, and have given him \$50 because he told you some place where he could buy feathers?

Mr. SUMNER. He came along the first one, Senator, and asked me, and I didn't want to go for anybody——

Mr. KENNEDY. He told you some place to buy feathers in the Fulton Market. You could have given \$50. Why did you give him \$24,000?

Mr. SUMNER. Well, every week——

Mr. KENNEDY. You could have gone back the second week and found out if he had gotten the feathers the same place.

Mr. SUMNER. Well, we kept going that way——

Mr. KENNEDY. How many drivers do you have?

Mr. SUMNER. Five.

Mr. KENNEDY. Are they members of the Teamsters Union?

Mr. SUMNER. I am, my brother, and me.

Mr. KENNEDY. You and your brother are?

Mr. SUMNER. Yes.

Mr. KENNEDY. Do you have a contract with the Teamsters Union?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Are your employees, your drivers, members of the Teamsters Union?

Mr. SUMNER. No, sir.

Mr. KENNEDY. They are not?

Mr. SUMNER. No, sir.

Mr. KENNEDY. And you never had any union trouble?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Nobody has tried to organize your drivers?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Nobody has tried to bring them into the union?

Mr. SUMNER. No, sir.

Mr. KENNEDY. There, once again, Mr. Chairman, it shows the tieup of this operation, the Teamster official receiving the moneys, and then not trying to organize the drivers of the company, not attempting to get a contract.

Mr. SUMNER. My dad has been going that way, and I have been going.

Mr. KENNEDY. What local are you a member of? 703?

Mr. SUMNER. Yes, sir.

Mr. KENNEDY. And that, again, is the same local, Mr. Senese and Mr. Smith?

Mr. SUMNER. Yes, sir.

Mr. KENNEDY. They are the business agents. They never tried to organize you?

Mr. SUMNER. I am paying them——

Mr. KENNEDY. They never tried to organize your men?

Mr. SUMNER. I am paying them the dues from me.

Mr. KENNEDY. What can your company do for you? How is paying dues to the Teamsters Union helping you?

Mr. SUMNER. Well, I had to belong to them, we all belong.

Mr. KENNEDY. Are they getting you better wages?

Mr. SUMNER. What kind of wages?

Mr. KENNEDY. Is the Teamsters Union getting you better wages?

Mr. SUMNER. They ain't getting me no wages. If I ain't doing no business, I got none.

Mr. KENNEDY. They are not helping you at all. The only people they can help are your employees. The only people who belong to the union are you and your brother, who do not need to belong to the union, and the only people who do not belong to the union——

Mr. SUMNER. We are working on driving a truck, and he is driving a truck, and we have to belong to it so I belong to it.

Mr. KENNEDY. But the Teamsters Union cannot help you.

Mr. SUMNER. Like I say, if I don't do no business, they don't help me.

The CHAIRMAN. In other words, you belong to them to keep them from hurting you?

Mr. SUMNER. I wouldn't say that.

The CHAIRMAN. Isn't that the only reason you belong, and no other on earth?

Mr. SUMNER. They never threatened me, as far as that is concerned. They wanted me to join the union and I joined.

The CHAIRMAN. As long as you are paying off, of course, they won't threaten you. What could you think would happen if you stopped paying off?

Mr. SUMNER. I am paying off my dues.

The CHAIRMAN. You are paying off to Mr. Mallec, too.

Mr. SUMNER. Well, I don't know about that, Senator. I paid Mr. Mallec. What he done with it, I don't know.

The CHAIRMAN. You are not even kidding yourself when you testify to that.

Mr. SUMNER. Well, that is what it is.

The CHAIRMAN. Exactly what it is.

Mr. KENNEDY. Mr. James Bell is a driver for you?

Mr. SUMNER. Yes, sir.

Mr. KENNEDY. Mr. Walter Hood?

Mr. SUMNER. Yes, sir.

Mr. KENNEDY. John Allen?

Mr. SUMNER. Yes.

Mr. KENNEDY. Andrew Allen?

Mr. SUMNER. Yes, sir.

Mr. KENNEDY. Mr. Marvin Sumner?

Mr. SUMNER. That is my son.

Mr. KENNEDY. James Steele?

Mr. SUMNER. No, sir, he is not working for me.

Mr. KENNEDY. He is not working for you. Leroy White?

Mr. SUMNER. Leroy? Leroy is just a helper, no driver.

Mr. KENNEDY. Is he a member of a union?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Mr. Willie Smith?

Mr. SUMNER. We ain't got no Willie Smith.

Mr. KENNEDY. Mr. Lee Lewis?

Mr. SUMNER. No, sir.

Mr. KENNEDY. Does he work for you?

Mr. SUMNER. He works for me, just for a helper, but he ain't working now.

Mr. KENNEDY. You have about five drivers; is that right?

Mr. SUMNER. Yes. We got six trucks.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Leo Nulty.

The CHAIRMAN. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. NULTY. I do.

TESTIMONY OF LEO C. NULTY

Mr. KENNEDY. Mr. Nulty, you have been doing some work as an investigator on the case involving Mr. Joey Glimco?

Mr. NULTY. Yes, sir, that is right.

Mr. KENNEDY. In the Chicago area?

Mr. NULTY. That is correct.

Mr. KENNEDY. Did you secure an affidavit from a witness, a woman who has some information in connection with Mr. Glimco?

Mr. NULTY. That is correct, yes, sir, I did.

Mr. KENNEDY. Mr. Chairman, I would like to have permission to read it.

The CHAIRMAN. Do you have an affidavit?

Mr. NULTY. Yes, sir.

The CHAIRMAN. The affidavit may be inserted in the record in full at this point. You may read it for the information of the committee.

Mr. NULTY. It is taken in the State of Illinois, Cook County.

The CHAIRMAN. Just read the pertinent parts of it.

Mr. NULTY (reading):

I make this statement—

Mr. KENNEDY. Not the first paragraph.

Mr. NULTY (reading):

I was employed in the office of the health and welfare fund of the Taxicab Drivers Union, Local No. 777, International Brotherhood of Teamsters, as claims adjuster from January 1953, until September 1955. The office quarters of the health and welfare fund were located at the union headquarters on the second floor of the building at 1213 South Blue Island Avenue, Chicago, Ill. At the time I started to work in January 1953, the health and welfare office had been recently remodeled and no remodeling was done at the health and welfare office during the period that I worked there. From remarks I heard other employees make at the union hall I understood that the remodeling had been completed but a short time before at a cost of many thousands of

dollars, the exact amount I do not recall. Also employed at the health and welfare office while I was there were Laverne and Dorothy Murray, who are sisters.

The CHAIRMAN. You have not come to the pertinent part as yet. Go ahead.

Mr. NULTY (reading) :

My duties consisted in handling the claims of union members for sickness and accident benefits. Most of these were processed and paid in a routine manner. If there was a question as to the validity of a claim the matter was referred to Mr. Joseph Glimco who made the final decision.

I recall that while I was employed at the health and welfare offices, a Mr. Willie Manila used to come to see Mr. Glimco quite often. I thought Mr. Manila had something to do with the Triple A Chemical Co. Another person who came to see Mr. Glimco was John Mallec whom they called "Big John." It was my understanding he had something to do with the meat business. He used to come in about once a week. When Mr. Glimco was not in on these occasions, Mr. Mallec would leave an envelope for him. I would put the envelope on Mr. Glimco's desk. I never knew what was in these envelopes or the purpose of Mr. Mallec's visits to Mr. Glimco.

Do you want the rest of the affidavit?

The CHAIRMAN. It is going to be printed in full.

(The complete affidavit follows:)

AFFIDAVIT

STATE OF ILLINOIS,
County of Cook, ss.

Mrs. Marilyn Nicolai, 2309 South 13th Avenue, Broadview, Ill., being duly sworn, deposes and states:

I make this statement at the request of Leo C. Nulty, known to me to be an investigator for the U.S. Senate Select Committee Investigating Improper Activities of Labor and Management. This statement is made of my own free will without any promises of favor or immunity. I have been informed and realize that this statement may be used and introduced into evidence in a public hearing before the U.S. Senate Select Committee Investigating Improper Activities of Labor and Management, and swear that the statements contained herein are true.

I was employed in the office of the health and welfare fund of the Taxicab Drivers Union, Local No. 777, International Brotherhood of Teamsters as claims adjuster from January 1953 until September 1955. The office quarters of the health and welfare fund were located at the union headquarters on the second floor of the building at 1213 South Blue Island Avenue, Chicago, Ill. At the time I started to work in January 1953 the health and welfare office had been recently remodeled and no remodeling was done at the health and welfare office during the period that I worked there. From remarks I heard other employees make at the union hall I understood that the remodeling had been completed but a short time before at a cost of many thousands of dollars, the exact amount I do not recall. Also employed at the health and welfare office while I was there were Laverne and Dorothy Murray who are sisters.

My duties consisted in handling the claims of union members for sickness and accident benefits. Most of these were processed and paid in a routine manner. If there was a question as to the validity of a claim the matter was referred to Mr. Joseph Glimco who made the final decision.

I recall that while I was employed at the health and welfare offices, a Mr. Willie Manila used to come to see Mr. Glimco quite often. I thought Mr. Manila had something to do with the Triple A Chemical Co. Another person who came to see Mr. Glimco was John Mallec whom they called "Big John." It was my understanding he had something to do with the meat business. He used to come in about once a week. When Mr. Glimco was not in on these occasions, Mr. Mallec would leave an envelope for him. I would put the envelope on Mr. Glimco's desk. I never knew what was in these envelopes or the purpose of Mr. Mallec's visits to Mr. Glimco.

I was dismissed from my position in mid-September 1955. Mr. Joe Coca, then president of the union, called me in his office and advised me they were dis-

continuing my services as of that day. As there had been no complaints about the performance of my duties, I was mystified by this sudden turn of events and questioned him as to the reason for my sudden dismissal. He declined to give any reason. Miss Laverne Murray who was in charge of the health and welfare office told me she knew nothing about the reason for my dismissal. Shortly thereafter I learned that Bernice Murray, a sister of Lavrene and Dorothy, had been employed to take my place.

Signed: MARILYN NICOLAI.

Sworn and subscribed to before me this 6th day of November 1958.

(SEAL)

ETHEL APPEL, *Notary Public*.

My commission expires November 12, 1960.

The CHAIRMAN. Was that the pertinent part which you have read?

Mr. NULTY. Yes. There is one more paragraph.

Mr. KENNEDY. That was the pertinent part, which he just read.

Mr. NULTY. Yes.

The CHAIRMAN. This girl saw Mallec come in there and leave the envelope in?

Mr. NULTY. That is correct.

The CHAIRMAN. And he would come in once a week?

Mr. NULTY. That is correct.

Mr. KENNEDY. Mr. Chairman, she would have been a witness, but she has a baby child and it was impossible for her to leave. We took the affidavit from her in lieu of that.

The CHAIRMAN. All right.

Is there anything further?

Call the next witness.

Mr. KENNEDY. The last witness is Mr. Senese.

The CHAIRMAN. Mr. Senese, come forward, please.

Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SENESE. I do.

TESTIMONY OF DOMINIC SENESE

The CHAIRMAN. May I see the paper you have in your hand, please? What is your name?

Mr. SENESE. My name is Dom Senese.

The CHAIRMAN. What is your residence?

Mr. SENESE. 35th Street and Myers Road, Hinsdale.

The CHAIRMAN. What is your business?

Mr. SENESE. I respectfully decline to—

Senator GOLDWATER. He can have it in just a minute.

The CHAIRMAN. Go ahead.

Mr. SENESE. I respectfully decline to answer for it may tend to incriminate me.

The CHAIRMAN. May attempt to incriminate you?

Mr. SENESE. May tend to incriminate me.

The CHAIRMAN. Do you mean you are engaged in some business you can't identify or acknowledge without possible self-incrimination? Is that what you are saying?

Mr. SENESE. I respectfully decline to answer the question because it may tend to incriminate me.

The CHAIRMAN. I will order you to answer it. I will ask you again. Do you honestly believe that if you stated the business in which you are engaged, or your profession or occupation, that such a truthful answer thereto might tend to incriminate you? Do you honestly believe that?

Mr. SENESE. I respectfully decline to answer the question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you waive counsel?

Mr. SENESE. Yes.

The CHAIRMAN. Then I order and direct you to answer the question of whether you honestly believe that if you gave a truthful answer to the question of what is your business, occupation, or profession—

Mr. SENESE. I respectfully decline to answer the question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the question.

Mr. SENESE. I respectfully decline to answer the question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Since you have no attorney, the Chair will admonish you that I am of the opinion, and I think the committee is of the opinion, that you are subjecting yourself to contempt proceeding.

You have to state, in my judgment, and I believe that is the judgment of the committee, that you honestly believe that a truthful answer to a question might tend to incriminate you. Otherwise you would have no right to invoke the fifth amendment. I am giving you that admonition. I will leave it up to you.

I do not want to take any advantage of you because you do not have counsel here. I think under the law you are required to state that. If you want to invoke the fifth amendment, that is. Otherwise, I do not think you can capriciously invoke it.

I want to make this very clear to you before we proceed further. You can answer the question of whether you honestly believe, and the Chair orders and directs you to answer the question, with the approval of the committee, whether you honestly believe that if you gave a truthful answer to the question, what is your business, occupation or profession, that a truthful answer might tend to incriminate you.

That is the question.

Mr. SENESE. I respectfully decline to answer the question on the grounds that the answer may tend to incriminate me.

The CHAIRMAN. Again the Chair warns you, and admonishes you, that this order and direction of the committee to you to answer the question continues throughout the time that you remain on the witness stand.

You may change your mind any time while you are here, but if you fail to change your mind and fail to respond and refuse to respond, and leave the witness stand in that way, then it will be the duty of the committee to take action thereon.

I can say to you now that it will be my judgment that the committee will cite you for contempt.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, Mr. Senese is business agent and a vice president of local 703, which operates in the Fulton Street market area.

The CHAIRMAN. That is our information?

Mr. KENNEDY. That is correct.

Is that correct?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to that question, that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer the question. That order will continue. That direction will continue throughout the time you remain on this witness stand.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Senese has already been identified, and there will be some testimony in connection with him at a later time; he has already been identified as one of those who participated in the beating of Mr. Thieme, and he has also been identified, Mr. Chairman, as the business agent active in local 703, which covers the Fulton Street market, which is responsible for not organizing the drivers of the previous witness.

I would like to ask you, Mr. Senese, first, if it is correct that you participated in the beating of Mr. Thieme, that you held his arms while the other business agent, Mr. Smith, hit him over the head with a bottle.

Is that correct?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Just a moment.

Do you honestly believe that if you gave a truthful answer to that question, that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question, and that order and direction will continue throughout your presence on the witness stand.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Senese, then would you tell us why the employees and the drivers of Mr. Sumner have not been organized? Can you tell us that?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer that question, and the order and direction will continue to you throughout the remainder of your testimony.

Proceed, Mr. Kennedy.

MR. KENNEDY. You are not going to answer it?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Proceed.

MR. KENNEDY. You live, Mr. Senese—you have been a very close associate of Mr. Glimco. According to our information, you reside in a home which is valued at between \$70,000 and \$80,000.

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. Can you tell us how you were able to purchase that home on your salary?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered the question truthfully, that a truthful answer might tend to incriminate you?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, and the order and direction will continue throughout your testimony.

Proceed, Mr. Kennedy.

MR. KENNEDY. Mr. Chairman, it is of some interest that his home is located in the center of three 5-acre tracts, one of these parcels being owned by Joey Aiuppa, who you will remember was involved in the Hotel and Restaurant Workers Union investigation, and was the one that was identified as the man who was responsible for shipping the machineguns in for Al Capone, and also for carrying machineguns for Mr. Dillinger.

He owns one side of you, and the other side is owned by Mr. Rocco Pintozi; is that correct?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. And Mr. Pintozi's home was built by Mr. Frank Pantaleo; is that also correct?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. Isn't it correct that Mr. Frank Pantaleo also built your home?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. Isn't it correct that Mr. Pantaleo also did work on the union headquarters?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a truthful answer thereto might tend to incriminate you?

MR. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, and that order and direction will continue throughout your testimony.

Proceed, Mr. Kennedy.

Mr. KENNEDY. He was responsible, Mr. Pantaleo, was he not, for the construction work that was done at local 777 of the Teamsters?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe if answering that question truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, and that order and direction will continue throughout your testimony.

Proceed.

Mr. KENNEDY. Mr. Pantaleo, Mr. Chairman, will be a witness before the committee, and will be questioned in connection both with the construction of Mr. Senese's home and some other work that he did, and as to how he got paid.

Mr. Senese, we have information, that you also have an interest in the Broadway Sheet Metal, Inc.; is that right?

Mr. SENESE. I respectfully decline to answer the question on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. And involved also in that company is Mr. Victor Comforte; is that right?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Comforte, Mr. Chairman, will also be an important witness before this committee.

Also in that company is Mr. Anton Moody; is that right?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that this company did some of the construction work at the union?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell the committee how you obtained an interest in this company?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Was a certain percentage or portion of the company turned over to you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Also you have an interest in the Vernon Farms Production Co.?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I just call a member of the staff to place into the record the documentation that we have on this?

The CHAIRMAN. You may.

Are you an American citizen, Mr. Senese?

Mr. SENESE. Yes.

The CHAIRMAN. Are you married?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. You are ordered and directed to answer the question, by the Chair, with the approval of the committee.

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are you a father? Do you have any children?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully, that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question.

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are there any further questions of this witness?

Mr. KENNEDY. I would like to recall Mr. Calabrese, Mr. Chairman.

The CHAIRMAN. Mr. Calabrese, come forward, please.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. KENNEDY. Could we put the names into the record in connection with these two companies? We will be going into detail tomorrow.

The CHAIRMAN. You may proceed.

Mr. KENNEDY. Have we found that Mr. Senese has other interests other than the union?

Mr. CALABRESE. Yes; that is correct.

Mr. KENNEDY. Would you tell us the names of the two companies?

Mr. CALABRESE. Mr. Senese was a partner in the Broadway Sheet Metal with Mr. Victor Comforte and Mr. Anton Moody. Recently they incorporated. In the process of incorporating all three are stockholders in this Broadway Sheet Metal Workers, Inc.

Mr. KENNEDY. Who is Mr. Victor Comforte?

Mr. CALABRESE. Mr. Comforte is one of the partners. In the earlier days he had a reputation of being with unions, and was involved in some labor slugging. He has been with the Broadway Sheet Metal since 1950, when it was first taken over by them and Mr. Moody.

Mr. KENNEDY. What is the other company that we find he is interested in?

Well, they did some work for local 777, is that right, the Broadway Sheet Metal?

Mr. CALABRESE. Yes, they did.

Mr. KENNEDY. We will be getting into these figures later on. What was the other company he was interested in?

Mr. CALABRESE. Vernon Farm Products. Partners in this are Mr. Frank Pantaleo, Mr. Victor Comforte, Frank Senese and Sadie Senese. She is Dominic's wife.

Senator GOLDWATER. Who is Frank?

Mr. CALABRESE. Mr. Senese can tell you better than I. I think it is his brother.

The CHAIRMAN. Have you a brother, Mr. Senese?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Have you a father and mother?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. What is that company?

Mr. CALABRESE. They are in the wholesale egg business in the Fulton Street market.

Mr. KENNEDY. So as well as being a union official in the Fulton Street market, you also have a company there, is that right, Mr. Senese?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. You have heard the testimony, Mr. Senese. You have heard the testimony of Mr. Calabrese regarding your interests in certain businesses or projects. Do you wish to make any statement about it, to make any correction, if there is any error in the information the committee has as stated by Mr. Calabrese?

Mr. SENESE. I respectfully decline—

The CHAIRMAN. I don't care whether you answer or not. I am just giving you an opportunity to make any correction if you care to. I don't care whether you care to answer it or not. But I am giving you the opportunity.

Do you want to make any correction?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. You can say "No." That is what you are saying, in effect. No, you don't want to give any answers, you don't want to make any correction, period. Let the record stay as it is. You are the only one that can correct it at this moment.

Are there any further questions?

Mr. KENNEDY. Mr. Calabrese, also from an examination of his record, do we find that he is also associated with some of the underworld figures in Chicago?

Mr. CALABRESE. Information we have is that Mr. Senese is the brother-in-law of Anthony Accardo.

The CHAIRMAN. Anthony who?

Mr. CALABRESE. Accardo.

The CHAIRMAN. Mr. Senese, do you want to make any comment about that?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question truthfully that a truthful answer thereto might tend to incriminate you?

Mr. SENESE. I respectfully decline to answer the question on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. That will be all for now, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess until 10:30 in the morning. The morning session tomorrow will be in room 318, the caucus room, in the Old Senate Office Building.

(Members of the select committee present at time of recess: Senators McClellan and Goldwater.)

(Whereupon, at 4:15 p.m. the select committee recessed, to reconvene at 10:30 a.m., Thursday, March 12, 1959, in room 318, Senate Office Building.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, MARCH 12, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; Alphonse F. Calabrese, investigator; James F. Mundie, investigator; Jack S. Balaban, investigator; John D. Williams, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session were Senators McClellan and Church.)

The CHAIRMAN. All right, Mr. Kennedy, call the next witness.

Mr. KENNEDY. Mr. Chairman, I would like to call a member of the staff, Mr. Balaban.

The CHAIRMAN. Come forward, please.

Mr. KENNEDY. And Mr. Williams also.

The CHAIRMAN. Be sworn, gentlemen.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILLIAMS. I do, sir.

Mr. BALABAN. I do, sir.

TESTIMONY OF JACK S. BALABAN AND JOHN D. WILLIAMS

The CHAIRMAN. State your name, your place of residence, and your present employment or occupation.

Mr. BALABAN. Jack Balaban. I am with the U.S. General Accounting Office; investigator.

The CHAIRMAN. For how long?

Mr. BALABAN. I have been with the General Accounting Office for 25 years.

The CHAIRMAN. You have been on loan to this committee since it began its investigations?

Mr. BALABAN. Yes, sir.

The CHAIRMAN. The next witness?

Mr. WILLIAMS. John Williams. I am a staff auditor with the U.S. General Accounting Office for about 18 years. I am on loan to this committee.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Balaban, you were with the Senate Subcommittee on Investigations prior to that time for about 2 years; is that right?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. So you have been with this committee and its predecessor for about 4 years?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. Mr. Balaban, you have the records, and have examined the records, in connection with the erection of a home for Mr. Joseph Glimco; is that correct?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Would you tell us what those records reveal as to the cost of the home?

Mr. BALABAN. The home was constructed by Mr. Pantaleo.

Mr. KENNEDY. Mr. Frank Pantaleo?

Mr. BALABAN. Frank V. Pantaleo.

Our early understanding was that it was a joint venture between Mr. Pantaleo and Mr. Glimco. But the records show that Mr. Pantaleo sold the house to Mr. Glimco for \$44,000.

Mr. KENNEDY. There was also an \$18,000 mortgage that was taken?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. It was an \$18,000 mortgage from a bank which was advanced to Mr. Glimco to help him pay for the purchase of the home; is that right?

Mr. BALABAN. That is right.

Mr. KENNEDY. This house is at 1215 North Oak Park Avenue, Oak Park, Ill.?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. And it was purchased on October 7, 1953; is that right?

Mr. BALABAN. That is correct.

Mr. KENNEDY. In whose name was this house registered?

Mr. BALABAN. There was a trust agreement, and the beneficiaries of that trust agreement were Mr. Joseph P. Glimco, and Miss Laverne Murray.

Mr. KENNEDY. Who is Miss Laverne Murray?

Mr. BALABAN. Miss Laverne Murray is Mr. Glimco's secretary in the health and welfare fund of local 777.

Mr. KENNEDY. And she gets paid by the health and welfare fund?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. She gets salary from them?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. For a period of time she was also being paid by the union; is that right?

Mr. BALABAN. That is correct.

Mr. KENNEDY. This house was sold around July of 1956; is that right?

Mr. BALABAN. That is correct, sir. To Peter Pappas.

Mr. KENNEDY. P-a-p-p-a-s?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. Who is Mr. Peter Pappas?

Mr. BALABAN. Mr. Peter Pappas was at that time a part-owner of a restaurant in Chicago known as the Ranger Restaurant. It was on North Avenue in Chicago.

Mr. KENNEDY. A restaurant frequented by Glimco?

Mr. BALABAN. By Glimco and others.

Mr. KENNEDY. They sold the house for some \$40,000; is that right?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. And they received checks for that house?

Mr. BALABAN. They did.

Mr. KENNEDY. What happened to that money?

Mr. BALABAN. The checks went from the bank that Mr. Pappas dealt with to the Pioneer Trust Co., the bank that Mr. Glimco and Miss Laverne Murray dealt with. So what happened was that the St. Paul Federal Savings Bank, Pappas' bank, issued two checks, one for \$15,069.97, and one for \$16,723.02, and they were turned over to the bank because they were holding the property in trust. The bank, in turn, turned the two checks over to Mr. Glimco and Miss Laverne Murray. They took the checks to a bank where Mr. Pantaleo dealt, and they endorsed the two checks, which we have here. We have photostatic copies of the two checks here. They endorsed the checks and Mr. Pantaleo cashed them for them, and Mr. Glimco and Miss Murray must have obtained the proceeds from the two checks.

Mr. KENNEDY. The checks, in any case, were turned into cash by Mr. Pantaleo; is that right?

Mr. BALABAN. That is correct, sir.

The CHAIRMAN. The checks to which Mr. Balaban has testified may be made exhibit No. 3.

(Checks referred to were marked "Exhibit No. 3" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are there more than one check?

Mr. BALABAN. There are two checks.

Mr. KENNEDY. During approximately the same period of time, Mr. Balaban, was there construction work going on at the union headquarters, local 777?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. Who was doing that construction work?

Mr. BALABAN. The renovations were done by Mr. Frank V. Pantaleo, who at one time operated as Frank V. Pantaleo & Co.

Mr. KENNEDY. That is the same gentleman?

Mr. BALABAN. That is the same gentleman who built this house for Mr. Glimco and Miss Murray.

Mr. KENNEDY. How much money was paid by local 777 to Mr. Frank Pantaleo for this construction work?

Mr. BALABAN. We will have the exact figures. It was approximately \$85,000.

Mr. KENNEDY. \$85,325?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. That was for remodeling the union building?

Mr. BALABAN. That is right.

Mr. KENNEDY. Those checks were issued during the period of December 8, 1952, to December 18, 1953; is that right?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. Most of that money was issued between December 8, 1952, and April 24, 1953; is that right?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. In fact, all but \$10,710 of the sum was issued during that period of time?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. So some \$74,615 was paid to Pantaleo between December 8, 1952, and April 24, 1953?

Mr. BALABAN. That is right, sir.

We have a schedule here, sir, that sets forth just how these payments were made. We have photostatic copies of all of the checks from local 777 to Frank V. Pantaleo and Frank V. Pantaleo & Co.

Mr. KENNEDY. Just in connection with this, the home that was built for Joey Glimco was built and paid for during the period April through October of 1953?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. We have gone in to obtain the books and records of local 777, and we have specifically requested any invoices to substantiate the payments of \$85,000 plus to Mr. Pantaleo; is that right?

Mr. BALABAN. That is right.

Mr. KENNEDY. Have we received those invoices to substantiate these payments?

Mr. BALABAN. No, sir; we have never been able to get any of those invoices.

Mr. KENNEDY. We have not received any invoices to support the payment of the \$85,000?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. And we have gone into whatever books and records they made available and there are no such invoices; is that right?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. We have also gone to Mr. Pantaleo to have him produce for us the records to show that he performed this construction work for the union, have we not?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. And he has refused to make any records available?

Mr. BALABAN. That is correct.

The CHAIRMAN. Do you find, in fact, any repair or construction work was done for the union?

Mr. BALABAN. Yes, sir; there was certain work that was done.

Mr. KENNEDY. We have an expert witness on that, Mr. Chairman.

The CHAIRMAN. I see. What is the point in this? Do you think he was considerably overpaid for the amount of work actually done?

Mr. BALABAN. Yes, sir; we have reason to believe so.

Mr. KENNEDY. We have an affidavit from Mr. Thomas W. Havey, a certified public accountant from Chicago, Ill.?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. He made an audit of local 777's books covering the period up to the year 1954; is that right?

Mr. BALABAN. That is right.

Mr. KENNEDY. Do you have that affidavit there?

Mr. BALABAN. We have it, sir.

Mr. KENNEDY. I will return to that, Mr. Chairman.

Do you have the schedule of payments made by the union?

Mr. BALABAN. Yes, sir; I do.

Mr. KENNEDY. Could we have those examined, Mr. Chairman, and made an exhibit for reference?

The CHAIRMAN. About how many checks are there?

Mr. BALABAN. About 15 checks.

The CHAIRMAN. That covers a total of how many thousands of dollars?

Mr. BALABAN. That covers \$85,325.

The CHAIRMAN. For a period of about 4 months?

Mr. BALABAN. No; it is a period of almost a year, sir; from December 8, 1952, to December 18, 1953.

The CHAIRMAN. Nearly a year.

Mr. BALABAN. Yes, sir.

The CHAIRMAN. Is that a list of the checks you have there?

Mr. BALABAN. That is correct, sir.

The CHAIRMAN. The date and the amount?

Mr. BALABAN. The dates and the amounts and the check numbers.

The CHAIRMAN. That may be made exhibit No. 4.

(The list referred to was marked "Exhibit No. 4" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you have the canceled checks?

Mr. BALABAN. We have the canceled checks and the check stubs.

The CHAIRMAN. The canceled checks may be made exhibit No. 4A and the stubs exhibit 4B. They may be in bulk, of course.

(The checks and check stubs referred to were marked "Exhibits 4A and 4B," respectively for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. Out of that amount there was \$74,615 paid between December 8 and April 24?

The CHAIRMAN. That is what I had in mind. The bulk of it was in a period of 4 months.

Mr. KENNEDY. Do you have the affidavit?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Present it to the chairman.

(The document was handed to the Chair.)

The CHAIRMAN. We have an affidavit from Mr. Thomas Havey, dated the 15th of January 1959. This affidavit may be printed in full in the record at this point. The pertinent parts of it are:

I am a certified public account, licensed in the State of Illinois, with business address at 105 West Adams Street, Chicago, Ill.

As a result of an independent audit of the financial records of local 777, IBT, covering the period September 1, 1949, to August 31, 1954, I issued an unqualified certificate as a certified public accountant. In connection with this certificate, I included a section in my report which may be identified as "Scope of Audit." In this scope section and in connection with the audit of cash disbursements, there appears the following statement:

"We examined bills and invoices in support of all disbursements of \$100 or more, with the exception of agents' expenses as shown on schedule 4."

This affidavit will be printed in the record in full.
(The complete affidavit is as follows:)

AFFIDAVIT

STATE OF ILLINOIS,
County of Cook, ss:

Thomas Havey, 9441 South Winchester Avenue, Chicago, Ill., being duly sworn, deposes and states:

I make this statement at the request of John D. Williams and James F. Mundie, known to me to be investigators for the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field. This statement is made of my own free will, without any promises of favor or immunity. I have been informed and realize that this statement may be read and used in a public hearing before the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field, and swear that the statements contained herein are true.

I am a certified public accountant, licensed in the State of Illinois, with business address at 105 West Adams Street, Chicago, Ill.

As a result of an independent audit of the financial records of local 777, IBT, covering the period September 1, 1949, to August 31, 1954, I issued an unqualified certificate as a certified public accountant. In connection with this certificate, I included a section in my report which may be identified as "Scope of Audit." In this scope section and in connection with the audit of cash disbursements, there appears the following statement:

"We examined bills and invoices in support of all disbursements of \$100 or more, with the exception of agents' expenses as shown on schedule 4.

(Signed) THOMAS HAVEY.

Mr. KENNEDY. Mr. Chairman, the point of this affidavit is that in the period of time that this certified public accountant made the review of the records, all of these invoices were in existence and present. Those invoices since that time have disappeared from the union headquarters. The invoices, of course, would show whether the work that was being done was work that was being done on the union headquarters or work that was being done in other areas.

The certified public accountant would not be examining them except to know that the invoices existed.

Of course, when we began our investigation, we would be trying to determine whether the work was actually done at the union headquarters or not. Those invoices, at least since the time of these certified—

The CHAIRMAN. In other words, the accountant obviously found invoices supporting these expenditures, that is, statements and bills, but he does not know whether the work that the invoices and the materials supplied was work actually done on the union property.

Mr. BALABAN. That is correct, sir.

The CHAIRMAN. The question is, and what we were interested in, was whether bills submitted in the name of the union and to the union for supplies or for work and materials furnished for construction of the home of Glimco were charged to the union.

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. To refresh your recollection, Mr. Chairman, in the investigation that we made some 2 years ago into the activities of Mr. Beck, where we found that he was using the same contractor for the erection of his home in Seattle, Wash., he was also doing some construction work on the union headquarters.

He was sending all the invoices for the construction of the work done on his home and his son's home to the union headquarters and then approving them and then paying them out of union funds.

The CHAIRMAN. Do you think apparently the same procedure was possibly followed here?

Mr. KENNEDY. The next witness will clarify it.

The CHAIRMAN. All right.

Mr. KENNEDY. There is just one other matter that I want to place into the record.

We have some minutes of local 777, do we not?

Mr. BALABAN. That is right, sir.

The CHAIRMAN. Minutes of its meetings?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. In connection with any improvements being done in the union headquarters?

Mr. BALABAN. There is just a very slight note here about that—

Mr. KENNEDY. Would you read the only reference in the union minutes to this work being done in the union headquarters?

Mr. BALABAN. May I read the whole thing? It is very short.

The CHAIRMAN. What is the date of the minute?

Mr. BALABAN. The date of the minute is December 1, 1952.

(At this point Senator Mundt entered the hearing room.)

The CHAIRMAN. Is that the original minute?

Mr. BALABAN. It is a photostatic copy of the original minute book.

The CHAIRMAN. All right. It may be made exhibit No. 5.

(Document referred to was marked "Exhibit No. 5" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Now you may read it into the record. But I would like that photostatic copy preserved.

Mr. BALABAN. December 1, 1952. Regular meeting called to order at 8 p.m. Roll call: All officers present.

Minutes of previous meetings read and approved.

Business disposed of:

A report to the members of the negotiations and the offers made by both companies. After reading off the gains made to the men, the new contract, Brother Marcie mentioned that due to taking in drivers' families into our welfare plan he recommends that an office be built into the hall providing more space for additional records regarding hospitalization only. After much discussion on the question, Leo Rothbart made a motion, seconded by Steve La Scola, to accept Brother Marcie's recommendation. The motion passed unanimously.

There being no further business, a motion to adjourn was adopted at 8:15 p.m.

It started at 8 and the whole meeting was over at 8:15 p.m.

(Signed) ROBERT MARKOV,
Recording Secretary.

That is all we have.

The CHAIRMAN. Have you searched the minutes of the meetings during all this period of time to ascertain whether any other official action at their meetings was taken with respect to the improvements on this property?

Mr. BALABAN. That is right, sir.

The CHAIRMAN. This is the only entry into the minutes of this local with respect to these improvements that could have involved this expenditure?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. That provides for some additional space within the office for the files in connection with hospitalization only?

Mr. BALABAN. That is right, sir.

The CHAIRMAN. How much did it ultimately cost the union to get that?

Mr. BALABAN. \$85,325.

The CHAIRMAN. To provide space for the files of the hospital welfare plan?

Mr. BALABAN. There will be another witness that will go into that in detail.

Mr. KENNEDY. Mr. Chairman, also may we make an exhibit for reference the documents in connection with Mr. Glimco's home?

The CHAIRMAN. What file do you have there? Briefly identify the file you have with reference to Mr. Glimco's home, with respect to that building, so I can identify them sufficiently to make them an exhibit.

Mr. BALABAN. This is the land trust agreement, with the Pioneer Trust & Savings Bank.

The CHAIRMAN. Just give a list of the different things you have.

Mr. BALABAN. Yes, sir.

The CHAIRMAN. In the order in which the list is given, they will be made exhibit Nos. 6A, B, C, D, and so forth.

(Documents referred to were marked "Exhibits 6A, 6B, 6C" et seq., for reference and may be found in the files of the select committee.)

Mr. KENNEDY. You can summarize some of those things.

Mr. BALABAN. There are the documents covering the purchase of the lot by Mr. Pantaleo, the mortgage payments by Mr. Glimco and Miss Murray on the \$18,000 mortgage, the documents covering the sale of the property to Pappas, the purchase agreement where Glimco and Murray sold the property to Pappas, the real estate sales contract covering the sale of the property, the cover sheets covering the trust to Miss Murray and Mr. Glimco.

The CHAIRMAN. Does that cover the documents?

Mr. BALABAN. That will cover the documents, sir.

The CHAIRMAN. They will be made exhibits as directed.

Mr. KENNEDY. That is all from these witnesses, Mr. Chairman.

The CHAIRMAN. Thank you very much, gentlemen.

Call the next witness.

Mr. KENNEDY. Mr. George Blum.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLUM. I do.

TESTIMONY OF GEORGE BLUM

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BLUM. My name is George Blum. My residence is 819 North Kenilworth Avenue, Oak Park, a suburb of Chicago. I have been an investigator and an adjuster of fire claims for the past 36 years.

The CHAIRMAN. For what company?

Mr. BLUM. It is my own organization the last 19 years.

The CHAIRMAN. You have an independent service?

Mr. BLUM. The last 19 years independent, and prior to that with the bureau.

The CHAIRMAN. Thank you very much.

Do you waive counsel?

Mr. BLUM. I do.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Blum, could you describe for the committee a little bit what you do, what your functions are?

Mr. BLUM. When a fire loss occurs and a claim is made under an insurance policy, the company assigns an adjuster to investigate the facts and to determine the merits of the claim and to work out an agreement.

The CHAIRMAN. To assess damages or undertake to appraise the amount of loss?

Mr. BLUM. Along with other facts, yes.

In that work, I have to work with personal property and real property. Buildings are probably more frequent than personal property.

Mr. KENNEDY. You have been doing this for how many years now?

Mr. BLUM. Thirty-six years.

Mr. KENNEDY. In connection with that, do you have to make appraisals of the value of property, the value of a wall, the value of floors, furniture?

Mr. BLUM. Yes. That is routine in our work.

(At this point, Senator Mundt withdrew from the hearing room.)

Mr. KENNEDY. You have been doing this, as you say, for a large number of years; many, many years?

Mr. BLUM. Yes, sir.

Mr. KENNEDY. Did you make any investigation of a fire in local 777 of the Teamsters back in 1947?

Mr. BLUM. I did.

Mr. KENNEDY. Would you relate that briefly to the committee? What happened?

Mr. BLUM. To the south of the union hall building was a three-story older flat building that was owned by the same interest which had a very serious burn.

It was what we call adjoining and communicating, in that there were openings through into the union hall for fire-escape purposes and other uses. That building burned so badly it was subsequently wrecked, and the site had become a parking area.

As part of that work, I had to go into the building, the union hall building, to look at claims for smoke and minor repairs.

Mr. KENNEDY. At that time did you make an investigation of the union headquarters itself? Did you go through and study the union headquarters?

Mr. BLUM. I was in the building; yes.

Mr. KENNEDY. Then you were back there again in 1957; is that right?

Mr. BLUM. That is correct.

Mr. KENNEDY. What was that in connection with?

Mr. BLUM. There was a serious fire that originated on the first floor of the union building and burnt the underside of the second floor, and due to firemen chopping through, had troubles on the second floor as well.

Mr. KENNEDY. When did you make this investigation in 1957?

Mr. BLUM. The fire was on January 4, and it was within the month. I was in the building about 4 days after the fire and then again early in February, to check out a detailed claim figure.

Mr. KENNEDY. During the period of 1947-57 there had been some improvements made within the union headquarters?

Mr. BLUM. I noted at once that there were new offices which had been built in an area that had been all meeting hall, auditorium, on my first trip.

Mr. KENNEDY. We have a map, Mr. Chairman, a chart. This was prepared by a staff member after consultation. But the witness can discuss the situation.

Do you have a similar kind of chart?

The CHAIRMAN. I present to you a chart which purports, or a drawing which purports to show some of the arrangements in the meeting hall with respect to rooms that were in the hall, or constructed in the meeting hall.

I hand it to you and ask you to examine it and state if you can identify it as representing the situation that you are about to testify to.

(The document was handed to the witness.)

Mr. BLUM. Yes, I can. I have one I made of my own that I can match it with.

The CHAIRMAN. In other words, the one you have prepared yourself is comparable to the one that has been presented to you by the Chair?

Mr. BLUM. Yes.

The CHAIRMAN. The one presented to you by the Chair, then, may be made exhibit No. 7.

(Drawing referred to was marked "Exhibit No. 7" for reference and may be found in the files of the select committee.)

The CHAIRMAN. As you testify, you may refer to it, if it compares with your own, so that we can keep it as a document as an official part of the evidence.

Take exhibit No. 7, and from it testify with respect to the changes and other pertinent facts the committee is interested in.

Mr. KENNEDY. First let me ask you: Did you spend a considerable amount of time, and is it part of your responsibilities to spend a considerable amount of time studying the lay-out of an area where you have to make some investigations?

Mr. BLUM. Yes. The claim was prepared room by room and surface by surface. It was necessary to check every bit of it.

Mr. KENNEDY. So you would become an expert on each room and on each surface in that room, is that right, whether it is the floor, the ceiling, or the walls?

Mr. BLUM. I become familiar with it all; yes.

Mr. KENNEDY. Then you have to go over that subsequently in detail as to the damage that might have been caused so that you have a full knowledge and information in connection with each room or each area?

Mr. BLUM. That is correct.

Mr. KENNEDY. Getting into the overall figures, you were contacted by a member of the staff of the committee; is that right?

Mr. BLUM. That is correct.

Mr. KENNEDY. And you were requested to make an appraisal as to what improvements had been made from the year 1947 to 1957, when you went back in to make this fire adjustment; is that right?

Mr. BLUM. That is correct.

Mr. KENNEDY. Would you tell the committee what your instructions were by a member of the staff?

Mr. BLUM. I was asked to prepare from my notes, my drawing, and my recollection of the place, an estimate of the cost of preparing the new rooms that I noted in my second visit, and any new work done on the second floor.

Mr. KENNEDY. Were there any further instructions as to how it should be prepared?

Mr. BLUM. No.

Mr. KENNEDY. Any instructions as to whether it should be done on a generous basis?

Mr. BLUM. It was asked that I resolve all doubts on the generous side rather than the skimpy side; yes.

Mr. KENNEDY. As far as the union was concerned, as far as the expenditures were concerned?

Mr. BLUM. That is correct.

Mr. KENNEDY. Based on that, and giving a generous appraisal, can you tell us what the cost of the readjustments on that floor would have been, in your estimation?

Mr. BLUM. Observing that request, I prepared an estimated cost of doing the new construction and the new decorating and the new work of \$26,803 on the second floor.

The CHAIRMAN. Did you more or less itemize it in your statement of it?

Mr. BLUM. Yes, sir.

The CHAIRMAN. Do you have before you a copy of your worksheets in arriving at these figures?

Mr. BLUM. I do.

The CHAIRMAN. A copy of what the witness testifies—I hand you here what I understand to be a copy. Do you have it before you?

Mr. BLUM. Yes.

The CHAIRMAN. Is that true and correct according to your best judgment?

Mr. BLUM. I have not checked it against my original. The total is the same; yes. I have not read the details, but the total figures are the same as mine.

The CHAIRMAN. All the figures are the same as yours?

Mr. BLUM. The total figure is identical.

The CHAIRMAN. Make a brief comparison so you can satisfy yourself that it is correct.

Mr. BLUM. All the figures appear to match.

The CHAIRMAN. It may be made exhibit No. 8.

(Document referred to was marked "Exhibit No. 8" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. I will come back to that, but what I wanted to ask you was this: In addition to the \$26,000-plus, were there certain other improvements that you noted within the union headquarters?

Mr. BLUM. I saw some evidence of new work on an office on the first floor which, in its finish, could be identified as similar to that upstairs. There was also work done on the heating plant, the heating system.

Mr. KENNEDY. What would you estimate the cost of the work done on the first floor, generously?

Mr. BLUM. On the first floor?

Mr. KENNEDY. Yes.

Mr. BLUM. I haven't made an estimate, but if I had to, I would say between \$1,500 and \$2,000.

Mr. KENNEDY. And the heating plant, again, generously, and the basement?

Mr. BLUM. That is a little more difficult. But I would say possibly \$6,000 or \$7,000. There were new valves, a new oil burner, as I recall it, and possibly a new boiler that had been installed.

Mr. KENNEDY. So analyzing this on a very generous basis, as far as the expenditures that were made, you would come up to a figure of some \$35,000; is that right?

Mr. BLUM. Yes.

Mr. KENNEDY. \$35,803; just under \$36,000. That would be for these improvements that were made in the union headquarters during the period of 1947 to 19 7?

Mr. BLUM. I couldn't say that that was entirely what I had done. That is the new work that I saw evidence of at the time of my visit.

Mr. KENNEDY. That was the maximum work that could have been done?

Mr. BLUM. Yes. When it was done, I don't know.

Mr. KENNEDY. Mr. Chairman, of course, we are referring just to a year's period, so we are again giving them the benefit of the doubt that all of this work that was done during this period of time of 1947 to 1957 was done by Mr. Pantaleo during the period 1952-53, for which he was paid some \$85,000.

But giving him a generous estimate on all the construction work that was done within the union headquarters, and assuming that it was all done by Mr. Pantaleo during the period 1952-53, the most that we can come up with, according to this expert in the field, is some \$36,000, which of course, leaves some \$50,000 unaccounted for.

The CHAIRMAN. From the time you were in there in 1947 and back in there in 1957, from the testimates you made at the time, the work you did in appraising the situation, you found that at most, about \$35,000 to \$36,000 would cover all improvements or changes that had been made during that 10-year period; is that correct?

Mr. BLUM. Yes.

The CHAIRMAN. That is the way you have testified as I understand you.

Mr. BLUM. Yes.

The CHAIRMAN. In other words, you do not know when the changes were made, but they were made sometime within that 10-year period?

Mr. BLUM. That is correct. For example, I have considered painting and decorating which possibly had been done within the year.

The CHAIRMAN. In other words that might have occurred—

Mr. BLUM. Rather than a new wall, you might say.

The CHAIRMAN. But for all of that, you have made allowances, and you say it does not total in excess of \$36,000?

Mr. BLUM. That is correct.

The CHAIRMAN. That is for the whole period. Now we find from their records that in a period of a year's time, they spent about \$85,000; whereas, you find only \$36,000 worth in the period of 10 years.

Mr. BLUM. That is correct, apparently.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. How can you get it down so exactly, Mr. Blum?

For instance, you have the floor here of 1,128 feet, at 55 cents. How are you able to get it and know that all the floors were being done, and that the volume of work was 1,128 feet?

Mr. BLUM. You are speaking of the second floor now?

Mr. KENNEDY. Yes.

Mr. BLUM. There was obviously a newer asphaltum tile floor throughout the second floor in the meeting hall, in the offices, in the new offices, and in the old offices. So I took that in on an area basis at the unit price.

Mr. KENNEDY. What about the offices that were built? How can you remember where new offices were constructed, for instance?

Mr. BLUM. It was quite easy.

Referring to your exhibit No. 7, there is a cross-hatched line that indicates a brick wall running about midway through the office section. At the time of my first visit, there were no offices to the rear of that brick wall. The offices were all in the front, toward the street. At the time of my second visit, the offices were still in the front, but there was a new set of offices back of that brick wall. Everything was new back of that.

Mr. KENNEDY. So you considered everything back of that brick wall in your appraisal: is that right?

Mr. BLUM. I considered all the construction as new there. In addition to that, I have estimated new trim and surface work on the older offices in the front—painting, new floor surfaces, and so forth.

The CHAIRMAN. The chair hands you a photograph and asks you to examine it and state if you identify it.

(The photograph was handed to the witness.)

Mr. BLUM. Do you want me to identify that?

The CHAIRMAN. Do you identify the photograph I have presented to you?

Mr. BLUM. Yes.

The CHAIRMAN. What is it?

Mr. BLUM. It is the street face of the building that we are talking about.

The CHAIRMAN. In other words, this is the building now that you have been testifying about, the street outside view of the building?

Mr. BLUM. Correct.

The CHAIRMAN. That may be made exhibit No. 8A.

(Photo referred to was marked "Exhibit No. 8A" for reference and may be found in the files of the Select Committee.)

Mr. KENNEDY. Would there be any purpose, so far as you are concerned, financially, for you to make a low appraisal of the construction work that was done in the union headquarters?

Mr. BLUM. No.

Mr. KENNEDY. You have made a study of the records, which has taken you some time. You have done that as a public service, is that correct—made this appraisal at the request of the committee as a public service?

Mr. BLUM. Do you mean as opposed to an adjuster?

Mr. KENNEDY. Yes.

Mr. BLUM. Yes, I was through with my work on the claim when Mr. Nulty approached me to do this.

Mr. KENNEDY. So it had nothing to do with your work?

Mr. BLUM. None at all.

Mr. KENNEDY. So this appraisal you have made has been made as a public service and there has been no financial interest in it whatsoever so far as you are concerned?

Mr. BLUM. No.

Mr. KENNEDY. And you considered in this appraisal a margin of profit, have you not, as far as the contractor is concerned?

Mr. BLUM. Yes.

Mr. KENNEDY. And also overhead; is that right?

Mr. BLUM. Yes.

Mr. KENNEDY. I believe that is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

If not, thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Pantaleo.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PANTALEO. I do.

TESTIMONY OF FRANK V. PANTALEO, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. PANTALEO. Frank Pantaleo. I live at 1141 Fair Oaks, Oak Park, Ill.

The CHAIRMAN. What is your business or occupation, Mr. Pantaleo?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Mr. PANTALEO. Yes.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Pantaleo, what we are interested in is this construction work that was done at the union headquarters for which you were paid some \$85,000. According to the expert testimony of the previous witness, the construction work itself was only worth \$35,000.

Would you explain that to us?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us why you were paid the extra \$50,000?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did that go in part for the construction of the home of Mr. Joseph Glinco?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You also did some of the construction work of Mr. Senese's home, who is another union official. Was that also to pay for the work done on his home?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have been in the construction business since 1953; is that right? I am mistaken. Since 1949?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And during 1953 you had space in the building that was owned by local 777; is that right?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That was prior to your moving to your present address. At least for part of that time that you were in the headquarters of local 777, you paid no rent to the union; is that right?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Initially, according to the testimony of Cherry Nose Gioe before the Kefauver committee in 1950, he states that he was in the construction business with you. Is that right?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. He said he was a partner of yours. I refer to pages 75 to 110 of his testimony, in part 5 of the Kefauver committee hearings.

Mr. PANTALEO. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It was from there, after you were a partner of Cherry Nose Gioe, that you moved into the union headquarters and had this arrangement or affiliation with Mr. Joey Glimco?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you make available to the committee any of the records of your company or of yours that indicate that you performed more than \$35,000 worth of work on union headquarters?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, this witness has received a subpoena to make those records available.

The CHAIRMAN. Where is the subpoena?

Were you subpoenaed, given a subpoena to produce your records?

Mr. ALLDER. When, Senator? Might we ask when?

The CHAIRMAN. I will have to get the original. I just thought maybe he would remember.

Mr. KENNEDY. April 23, 1958.

Mr. ALLDER. I might state, Mr. Kennedy, later you put a subpoena on the certified public accountant. I came over here with him and turned over the records.

Mr. KENNEDY. This is for whatever records this witness has, his personal records.

Mr. ALLDER. They were the records in the hands of the auditor and there are no other records than those records.

Mr. KENNEDY. This witness has no other records than those records?

The CHAIRMAN. Let us let the witness testify to that. I am perfectly willing for counsel to make an explanation.

Mr. ALLDER. I am trying to explain why, in answer to a subpoena, he has not brought something here this morning; that is all, Senator.

The CHAIRMAN. I understand, but I want to interrogate the witness about it. As I understand you, Mr. Counsel, after the subpoena was served, you did bring such records as you had, as the witness had, and delivered them to the committee?

Mr. ALLDER. They were obtained from the auditor, Senator; yes, sir.

The CHAIRMAN. In other words, you are contending that at the time the subpoena was served, all of the records were in the hands of the auditor, and that this witness had no records?

Mr. ALLDER. No, sir; with one exception. There were certain personal records of his, not connected with the operation of the business, that were not in the hands of the auditor. We produced them here, pursuant to the subpoena.

I told Mr. Kennedy that they were here, but we would not surrender them, that he would stand upon his privilege. It was a busy afternoon, and Mr. Kennedy excused him, subject to being recalled later on. He was not brought to the witness stand.

Now I think mistakenly today he has not brought those personal records with him. If given an opportunity, he will, but he will not turn them over to the committee but will stand upon his privilege.

The CHAIRMAN. Let me ask the witness: Did you, in response to the subpoena ordering you to produce your personal records, did you along with your counsel bring those records to the committee in response to the subpoena?

(The witness conferred with his counsel.)

Mr. PANTALEO. Yes.

The CHAIRMAN. That was some time last year; is that correct?

Mr. PANTALEO. I believe so.

The CHAIRMAN. You did bring them and did deliver them, or bring them physically to the committee?

Mr. PANTALEO. Yes, sir.

The CHAIRMAN. But you declined to turn them over to the committee because you invoked the privilege of the fifth amendment in taking the position that to do so might tend to incriminate you; is that correct?

(The witness conferred with his counsel.)

Mr. PANTALEO. Yes.

The CHAIRMAN. Is there anything further?

Let me ask you: You don't have them with you today, those personal records?

Mr. PANTALEO. I do not.

The CHAIRMAN. If you had them present, would you produce them to the committee?

(The witness conferred with his counsel.)

Mr. PANTALEO. I stand on my privilege.

The CHAIRMAN. You would invoke the fifth amendment privilege against self-incrimination as to your personal records?

Mr. PANTALEO. I would.

The CHAIRMAN. You would do that. I see.

Mr. PANTALEO. Yes, sir.

The CHAIRMAN. Well, in the meantime I might ask you another question or two.

Did you enter into a conspiracy with Joseph Glimco, or with him and others, including Mr. Senese—did you enter into an agreement or conspiracy with him to use union funds to build houses for them; in other words, to rob the union members of their dues money? Did you do that?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you want to deny that you did it, that you were a party to these crooked arrangements to rob these men who work, out of the dues money they paid into the union?

Do you want to take this occasion now, here in public, to deny that you did it?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It may. You have been given the opportunity to deny that you did such a thing, haven't you?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The record speaks for itself. You have been given the opportunity here now. Are you a crook, and are you engaged in crooked practices and activities in your work?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you want to deny that you are? You are given the opportunity to.

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. I just want to make sure that the record is clear.

We don't have any records now in connection with the payments by the union to Mr. Pantaleo, or any of his companies, in connection with the construction work of the union headquarters. That is understood, is it not? You are not proceeding under the assumption that we have any records in connection with that, as far as Mr. Pantaleo is concerned?

Mr. ALDER. I really don't know, Mr. Kennedy.

Mr. KENNEDY. I just wanted to make sure that it is understood. We received some records from the accountant which were the accountant's records, but we did not have any of the records of Mr. Pantaleo in connection with the union construction, or the work that was done at the union headquarters.

Mr. ALDER. If you say that is true, I know it is, Mr. Kennedy.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Pantaleo, Mr. Chairman, according to the testimony we had yesterday, also has an interest in the Vernon Farm Products, which is a business located in the Fulton Street Market.

Would you tell us about that, Mr. Pantaleo?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And involved in that is also Mr. Victor Comforte, who was a subcontractor in the work that was done at the union head-

quarters and who is one of the owners of the Broadway Sheet Metal Co.?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Involved in both of these companies, Mr. Chairman, both Vernon Farm Products and the Broadway Sheet Metal Co., according to the testimony of yesterday, is Mr. Dominic Senese, who was the business agent of local 703.

Isn't that correct?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Pantaleo attended the Hoffa banquet in Detroit with Mr. Joseph Glimco, Mr. Chairman, and the bill was paid by local 777 of the International Brotherhood of Teamsters.

Isn't that right?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Can we have these documents in connection with that made an exhibit, Mr. Chairman, by Mr. Calabrese?

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

The CHAIRMAN. Mr. Calabrese, you have been previously sworn?

Mr. CALABRESE. I have.

The CHAIRMAN. I hand you here certain photostatic copies of material. Will you examine it and state if you identify it?

Mr. CALABRESE. These are photostatic copies of a voucher and hotel bills for the period April 21, 1956. These were obtained from the files of local 777. The voucher, which is dated April 24, 1956, is signed by George Marcie on the same date, and reads—

Expenses for entire executive board for gas, parking, lunches, on way to Detroit and back, to James Hoffa testimonial dinner, held on April 20, 1956, money to be reimbursed to Connors, Coca, and Glimco, \$126.50.

Attached thereto is a listing, an itemization, of charges made by the Hotel Statler, Detroit, Mich., for the period April 21, 1956, in the amount of \$308.08. One of the group that is shown as being charged for a room is F. Pantaleo, April 21, 1956, \$8.49.

The CHAIRMAN. That may be made exhibit No. 9, for reference only.

(Documents referred to were marked "Exhibit No. 9" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are you a member of that union?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Why were your expenses paid to go to that Hoffa meeting?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is that the way they build up such a big attendance, go out and round up all the hoods, thugs, and crooks they can, and pay their expenses to get them to these meetings? Do you want to answer that?

Mr. PANTALEO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You may stand aside.

Is there anything further?

Mr. KENNEDY. Yes, Mr. Chairman, but not of this witness.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Miss Laverne Murray.

The CHAIRMAN. Miss Murray, come forward, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Miss MURRAY. I do.

**TESTIMONY OF LAVERNE MURRAY, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Miss MURRAY. My name is Laverne Murray. I reside at 439 North Central.

The CHAIRMAN. Miss Murray? Is it Miss Murray?

Miss MURRAY. Yes, sir.

The CHAIRMAN. And, Miss Murray, what is your work or occupation, please?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Miss MURRAY. Yes, sir.

The CHAIRMAN. Let the record show the same counsel appears for this witness as for the preceding witness.

Miss Murray, do you honestly believe—are you conscientious about that—do you honestly believe that if you told what your profession is, what your work is, what your livelihood is, that it might tend to incriminate you?

Are you honest about that?

(The witness conferred with her counsel.)

Miss MURRAY. I do.

The CHAIRMAN. You are? I am sorry for you.

Proceed, Mr. Kennedy.

It is pitiful, pitiful.

Mr. KENNEDY. Miss Murray, you have been working for Mr. Glimco in the health and welfare office; is that right?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And for a period of time, you were being paid both by the union and the health and welfare fund; is that right?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. One of our major interests in your testimony, Miss Murray, is in connection with the purchase of this home that was made in your name as well as in the name of Mr. Joseph Glimco, at the same time the work was being done at the union headquarters. The home was being constructed by Mr. Frank Pantaleo. Were union funds used in connection with the purchase of that home?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Will you tell us anything about the purchase of that home in 1953?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were you working for the union at that time? Were you one of its employees?

(The witness conferred with her counsel.)

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you enter into a conspiracy or arrangement with these crooks and thugs and cheats to rob the union men who work and pay their dues out of their just rights, and the money that they had put into their treasury? Did you enter into such an agreement and work with them to that end?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we can place in by an investigator the figures as to how much money Miss Murray was making from the union welfare fund.

I would also like to ask questions about some of the bills of the union.

Your salary, Miss Murray, is \$150 a week; is that right?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you began your employment in March 1951; is that right?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you married?

(The witness conferred with her counsel.)

Miss MURRAY. I am not.

The CHAIRMAN. Proceed.

Are your father and mother living?

Miss MURRAY. They are.

Mr. KENNEDY. Miss Murray, under the union constitution, you are to be under bond; is that correct?

(The witness conferred with her counsel.)

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you had difficulty obtaining a bond, and that ultimately it was canceled?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you think it would incriminate you for you to have such a reputation that a bonding company would not give a bond or security for your integrity and good conduct with respect to financial affairs?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, the fidelity bond with the Fidelity and Deposit Co., of Baltimore, Md., obtained through the Indianapolis branch, was canceled for Mr. Glimco on May 15, 1956, shortly after it was obtained on February 10, 1956.

Can you tell us why the bond was canceled?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And that your fidelity bond was canceled on May 12, 1958, because of nonpayment of premiums; is that right?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that until the union, the international union, obtained a bond from Lloyds of London, both you and Mr. Glimco had no bond?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you still working there at this office?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, if you are, you and Glimco and the whole gang ought to be kicked out, you right along with them.

Proceed.

Mr. KENNEDY. Mr. Chairman, I would like to call Mr. Calabrese in connection with one of these bills.

The CHAIRMAN. All right, Mr. Calabrese. You have been previously sworn, Mr. Calabrese.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. KENNEDY. Mr. Calabrese, did we find that Mr. Glimco made a trip to the Bel Air Hotel, Los Angeles, Calif.?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Was that trip charged to the union?

Mr. CALABRESE. It was.

Mr. KENNEDY. Would you relate to the committee what the circumstances were in connection with that trip, and how much it cost the union?

Mr. CALABRESE. We located bills to the union from the Hotel Bel Air in Los Angeles, Calif., addressed to Mr. J. Glimco, 1224 North Park Avenue, Oak Park, Ill., dated July 2, 1953. The room number was 129-30. The amount, apparently the amount of the room, was \$30. Below that is the number "1," indicating, apparently, one person.

The charge shown on July 9, 1953, is \$1,045.65.

Mr. KENNEDY. Do we find from an examination of the records that that was paid for by the union?

Mr. CALABRESE. That was paid by the union, by union check No. 11408.

The CHAIRMAN. The hotel bill you referred to may be made exhibit No. 10. The check you are referring to may be made exhibit 10A.

(The hotel bill and the check referred to were marked "Exhibits 10 and 10A," respectively, for reference, and may be found in the files of the select committee.)

Mr. CALABRESE. It was dated July 9, 1953, payable to the Hotel Bel Air, \$1,045.65, signed "George Marcie, Secretary-Treasurer, Joseph P. Glimco."

Mr. KENNEDY. Do we find this was a trip for Mr. Glimco and Miss Murray?

Mr. CALABRESE. We caused an investigation to be conducted at the Hotel Bel Air, and the records of that hotel indicate, on the ledger account, a Mr. and Mrs. J. Glimco, 1224 North Park Avenue, Oak Park, Ill., and a listing of the expenses from the period July 2 through July 10, 1953. The amount is identical with the check, \$1,045.65, and a charge of \$7.29 to the over-and-short account.

The CHAIRMAN. To what?

Mr. CALABRESE. To the over-and-short account. Apparently the check was made out on July 9, for \$1,045.65, and covered all expenses except \$7.29, which was charged off.

The CHAIRMAN. What have you ascertained, that the bill actually covered two persons instead of one? Is that what it shows?

Mr. CALABRESE. That is correct, sir.

The CHAIRMAN. You made some reference to this witness, Miss Murray. How do you identify, if you do, that she was there, the woman in the case?

Mr. CALABRESE. I might state this, first of all: The ledger card indicates that there were two persons. The ledger card also indicates it is a Mr. and Mrs., with expenses of photographs of \$40.97 on July 9, beauty shop of \$17 on July 9; photographs again on July 7 of \$79, flowers on July 7, \$25.88.

Mr. Glimco's address at that period was 629 Selbourne Road, Riverside, Ill. Miss Murray's address was 852 North Washington Boulevard, Oak Park, Ill. 1224 North Oak Park Avenue is the home of Mrs. Vincent C. Shay, who has lived there for the past 20 years.

Mr. KENNEDY. This is the address that was given?

Mr. CALABRESE. Yes.

We talked to Mrs. Shay, and she advised that prior thereto this was the home of Mr. William J. "Witt" Hanley, the boss of 703, prior to the day that Mr. Glimco came over and started his activities on the Fulton Street Market.

Mr. KENNEDY. So in substance, the correct address was not given in the registration?

Mr. CALABRESE. It was not.

Mr. KENNEDY. An address of a friend of Mr. Glimco's was given?

Mr. CALABRESE. An address of a person with whom he was familiar with and friendly with, yes.

The CHAIRMAN. May I ask you at this point, Miss Murray, if there was any union business going on out there at that time that you know of?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right. Thank you.

Mr. CALABRESE. The check, with copies of Miss Laverne Murray's handwriting as obtained from the Suburban Trust & Savings Bank, Oak Park, Ill., applications filed with the United States Fidelity & Guarantee Co., Baltimore, Md., containing her signature—

Mr. KENNEDY. Anyway, we made a comparison. Just say we made a comparison.

Mr. CALABRESE. Examples of her handwriting, as we have established them, were sent to the FBI for a comparison with the handwriting on the check No. 11408. The FBI reported that the handwriting submitted by the committee, exhibited against the handwriting on the face of the check, was identical with Miss Murray's. Accordingly, by this identification, it would be apparent that Miss Murray had to be at the Bel Air Hotel on July 9, 1953, to have written the exact amount for the payment of the bill.

The CHAIRMAN. In other words, it appeared that the check was given there at the hotel for payment of the bill. In other words, there was no bill sent to the union and then the check sent back?

Mr. CALABRESE. That is correct.

The CHAIRMAN. The date of the check and the date it was deposited indicates that?

Mr. CALABRESE. Yes. The date of the check is July 9.

The CHAIRMAN. And the check is in the handwriting, according to the FBI, and according to the other records, of the witness Miss Murray?

Mr. CALABRESE. Yes, with the exception of the signatures of Secretary-Treasurer George Marcia and the president, Joseph Glimco.

The ink that Mr. Glimco signed his name with appears to be identical with the rest of the handwriting that the FBI identified as Miss Laverne Murray's handwriting.

The CHAIRMAN. Those documents may be made exhibits 10 B and C, and so forth, keeping them all in one exhibit with separate lettering.

(Documents referred to were marked "Exhibits 10B, 10C, et seq.", for reference and may be found in the files of the select committee.)

Mr. CALABRESE. There is one other aspect to this. The check 11408, dated July 1953, was apparently taken out of order, that is, from blank checks, from a book of checks. This check was pulled out, from the regular account of 777.

Mr. KENNEDY. The check that was used to pay this hotel bill?

Mr. CALABRESE. That is right.

Mr. KENNEDY. Evidently they had taken the checks with them in blank, signed in blank by one of the officers of the union. When they stayed at the hotel, Miss Murray filled in the name of the hotel, Mr. Glimco signed the check, and they paid this \$1,000, or whatever the amount was, \$1,000 plus, to the hotel for the bill?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Further evidence in connection with that is the fact that the check is out of order?

Mr. CALABRESE. It is out of order. The cash expenditure for the month June 1953 has this check, 11408, listed, but they have an entry under column "To whom paid," "Entered on page 74."

Page 74 is cash expenditures for the month of July 1953. There are items listed for the 24th, the 27th, the 31st, and then underneath that, on July 9, check No. 11408 to the Hotel Bel Air, "Entertainment expenses."

The CHAIRMAN. Entertainment expenses?

Mr. CALABRESE. That is correct. That is what it was charged to—\$1,045.65.

The CHAIRMAN. Is there anything further?

If not, that last matter may be made a part of exhibit 10.

Is there anything further?

Mr. KENNEDY. And this trip, of course, was out of union funds?

Mr. CALABRESE. Yes, that is right.

Mr. KENNEDY. It was immediately after that, or during this period of time, that the home was constructed?

Mr. CALABRESE. That is right.

Mr. KENNEDY. In the name of Miss Murray and Mr. Glimco?

Mr. CALABRESE. Yes. Miss Murray moved into it some time in October 1953.

Mr. KENNEDY. Miss Murray moved into the home?

Mr. CALABRESE. Yes.

The CHAIRMAN. Do you mean Miss Murray moved into this home we have been talking about?

Mr. CALABRESE. Yes.

The CHAIRMAN. Do you live in that house?

Miss MURRAY. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Comforte.

The CHAIRMAN. Come forward, Mr. Comforte.

Be sworn, please, sir.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COMFORTE. I do.

TESTIMONY OF VICTOR COMFORTE

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. COMFORTE. Victor Comforte, 2956 Jerome, Chicago.

The CHAIRMAN. What is your business or occupation, please, sir?

Mr. COMFORTE. Mr. McClellan, I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. I will tell you, so many have appeared here and have said that, they are becoming quite convincing to me. I think you are engaged in such practices that you can't very well talk about them without self-incrimination. I am pretty well convinced.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Comforte is the vice president of the Broadway Sheet Metal Works.

The CHAIRMAN. Do you waive counsel?

Mr. COMFORTE. I do, sir.

Mr. KENNEDY. Excuse me. He was vice president until 1958 when the partnership was dissolved, Mr. Chairman, in the Broadway Sheet Metal Works.

Is that right?

Mr. COMFORTE. Mr. Kennedy, I respectfully decline to answer on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. He is presently acting secretary-treasurer of the Broadway Sheet Metal Works, Inc. The other stockholders are Mr. Moody and Mr. Senese, union officials.

Is that right, Mr. Comforte?

Mr. COMFORTE. Mr. Kennedy, I respectfully decline to answer on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. We have had that testimony in the record, Mr. Chairman, and the record also indicates that Mr. Comforte is, in which he was in partnership with Mr. Senese, the union official, got paid some \$15,570.84, from Mr. Pantaleo, for the work on remodeling the local.

Is that right?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. Did you actually do that amount of work, that you should get paid the \$15,000?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. Could you tell the committee how it was that Mr. Senese, a union official, was made a partner in that company?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I call a witness in connection with that?

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Mundie made an examination of the records of the company.

The CHAIRMAN. Be sworn, Mr. Mundie.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MUNDIE. I do.

TESTIMONY OF JAMES F. MUNDIE

The CHAIRMAN. Mr. Mundie, you are a member of the staff of this committee?

Mr. MUNDIE. That is correct.

The CHAIRMAN. You have been in Government service how long?

Mr. MUNDIE. Thirty-eight years.

The CHAIRMAN. You were loaned to this committee? You are on loan to this committee from what agency of Government?

Mr. MUNDIE. The U.S. Treasury Department.

Mr. KENNEDY. How long have you been with the Treasury Department?

Mr. MUNDIE. Pretty nearly 30 years.

Mr. KENNEDY. How long have you been working with this committee now?

Mr. MUNDIE. Approximately 2 years. It will be 2 years the 25th of March.

Mr. KENNEDY. Almost since its inception?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Have you made an examination of the records of the Broadway Sheet Metal Co.?

Mr. MUNDIE. I have.

Mr. KENNEDY. Would you relate to the committee what it indicates as far as Mr. Senese becoming a partner?

Mr. MUNDIE. On April 30, 1954, an entry was made on the Broadway Sheet Metal Co. records as follows: "L. A. Moody, capital \$1,000; Victor Comforte, capital \$1,000," which means that each one gave \$1,000 equity, and credited Dominic Senese with \$2,000.

Mr. KENNEDY. So the two partners who owned this company gave up, for reasons unknown, \$1,000 apiece, and credited it to Mr. Senese, a union official; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Can you tell us why you would give up a third of your interest in the company to Mr. Senese?

TESTIMONY OF VICTOR COMFORTE—Resumed

Mr. COMFORTE. Mr. Kennedy, I respectfully decline to answer, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. This company also did the work, from an examination of the records we know they did the work, at the union headquarters?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. They got paid how much?

Mr. MUNDIE. \$15,570.

Mr. KENNEDY. They have also done work on Mr. Senese's home?

Mr. MUNDIE. That I do not know.

Mr. KENNEDY. Mr. Comforte, Mr. Chairman, also has an interest in the Distributing Corp. of Illinois. Is that right?

Mr. COMFORTE. Mr. Kennedy, I respectfully decline to answer, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. This, Mr. Chairman, is a jukebox company in Chicago.

Is that right? Mr. Comforte, is that correct?

Mr. COMFORTE. Pardon, sir?

Mr. KENNEDY. Is that a jukebox company in Chicago that distributes jukeboxes?

Mr. COMFORTE. I respectfully decline to answer, Mr. Kennedy, and I honestly believe the answer may tend to incriminate me.

Mr. KENNEDY. You also receive some salary from the Biltmore Distributing Co. Would you tell us what that is?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, it is of some interest that the Broadway Sheet Metal Co., the company that we have been discussing, received on subcontracts some 60 percent of all the Nike missile sites that are constructed around Chicago; that some 60 percent of that work is done on a subcontract basis.

The CHAIRMAN. By what company?

Mr. KENNEDY. By this company owned by Mr. Comforte and the company owned by Mr. Senese, the union official.

The CHAIRMAN. Do you mean we have a company whose officers or whose owners come in here and take the fifth amendment about their business transactions that are now connected with Government work on part of our defense system?

Mr. KENNEDY. Sixty percent, roughly, Mr. Chairman, of all the Nike sites around Chicago, the work is done by this company, or has been done in the past.

The CHAIRMAN. Is that correct?

Mr. COMFORTE. I respectfully decline to answer, sir. I honestly believe that the answer may tend to incriminate me.

The CHAIRMAN. Do you mean to say that working for the Federal Government, doing contract work for it, might tend to incriminate a citizen of this country, or are you a citizen? Are you a citizen of the United States?

Mr. COMFORTE. Native born, sir.

The CHAIRMAN. Native born. Do you mean to say that a contract with the Federal Government of the United States, in connection with its Defense Establishment, or defense facilities, is of such a nature that you can't talk about it without possible self-incrimination?

Mr. COMFORTE. Mr. McClellan, I respectfully decline to answer and I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. Mr. Counsel, what interest does this man have in this company?

Mr. KENNEDY. There are three people that own the company. Mr. Dominic Senese, who is the union official who took the fifth amendment yesterday, and Mr. L. A. Moody, who also has an interest in the company. It was incorporated, as I pointed out, in 1958.

The CHAIRMAN. According to our information, what are the respective interests of these three persons in the company?

Mr. KENNEDY. It is approximately one-third each, Mr. Chairman.

The CHAIRMAN. These are the three owners of it, according to our information?

Mr. KENNEDY. That is correct.

The CHAIRMAN. And two of them now have taken the fifth amendment before this committee when we interrogated them about a transaction, a business transaction, they had with the union?

Mr. KENNEDY. That is correct, sir.

The CHAIRMAN. And in which it appears that the union members were robbed of several thousand dollars. Is that correct?

Mr. KENNEDY. Well, at least the money disappeared, Mr. Chairman. As the testimony has indicated, some \$85,000 was paid for work that should have cost some \$35,000 maximum.

The CHAIRMAN. Now we find these same characters and their company out doing work for the Government in preparing its defense installations in this country; is that correct?

Mr. KENNEDY. That is correct.

The CHAIRMAN. The Chair shall direct a letter to the department of government having jurisdiction of this construction work, and which is responsible for making these contracts, to make immediately a thorough investigation into the activities of this company.

If what the record has disclosed here is true, I think they should be hereafter eliminated from eligible consideration as a bidder on any Government work. I do not believe this Government ought to be doing business in the building of its Defense Establishment in this country, the thing upon which our very survival may depend—I don't think our Federal Government should be doing business with people who have to hide behind the fifth amendment with regard to

their business transactions. I hope some prompt and effective action is taken to correct this situation.

Senator Church, have you any comment?

Senator CHURCH. No comment except, Mr. Chairman, that I concur in the sentiments you just expressed, wholeheartedly.

Mr. KENNEDY. Mr. Chairman, he also has an interest in the Koren Research & Engineering Co., of 1231 West Chicago Avenue.

Could you tell us what that company does?

Mr. COMFORTE. Mr. Kennedy, I respectfully decline to answer. I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. That is another company, Mr. Chairman, in which we are interested, again with Mr. Koren, as he was interested in the jukebox distributorship with Mr. Koren.

Mr. Koren also owns the King Cole North Shore Hotel in Miami, Fla. He is also interested in the Vernon Farm Products Co., which is a company that operates down in the Fulton Street Market.

Is that right?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. Again, in this company, Mr. Chairman, is Mr. Frank Pantaleo, as well as Mr. Senese, the union official. Mr. Frank Pantaleo, the contractor, as well as Mr. Senese's wife, are in this company, which operates in the Fulton Street Market.

Is that right?

Mr. COMFORTE. I respectfully decline to answer, sir, on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. That is according to the testimony that we had yesterday afternoon.

He is also an associate of Juke Box Smitty. He was a solicitor-investigator for the Illinois Phonograph Owners, Inc.

Is that right?

Mr. COMFORTE. Mr. Kennedy, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Back at the end of the 1940's, Mr. Chairman, and I believe the arrangement has been changed since that time, it was possible to go in and get your arrest record or whatever criminal record you might have, destroyed. Mr. Comforte made that request and was successful in doing so.

Is that right, Mr. Comforte?

Mr. COMFORTE. I didn't get that, sir.

Mr. KENNEDY. That up until recently, up until the new administration or the administration that is in at the present time, it was possible to go into the police department and, under certain circumstances, have your police record destroyed. You were successful in doing that in 1949. Isn't that correct?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. That was destroyed on March 16, 1949, at your request, was it not?

Mr. COMFORTE. I respectfully decline to answer, sir, on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. You had been involved in labor racketeering during the 1930's, and was recognized as an enforcer during the 1930's in the

attempt to organize garage workers and parking lot attendants; is that right, Mr. Comforte?

Mr. COMFORTE. I respectfully decline to answer, sir, on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. Then you became associated with Juke Box Smitty, and then you became associated with the association, the employers, and did work for them; is that right?

Mr. COMFORTE. I respectfully decline to answer, sir, and I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. The Chair will direct that a transcript of the testimony of this morning, this whole record since we began, because it deals with people that are involved in this corruption, be transmitted promptly to the Defense Department with the request that it be made available to that agency or authority in the Defense Department which is responsible for these contracts, and that they promptly report back to the committee as quickly as feasible just exactly what the situation is, and what action it is contemplated they will take to have the Government hereafter do business with people who can open their books to the public and let us know what the nature of their transactions are; in other words, where they can be honest enough to look the Government and the people who compose this country in the face and make honest, truthful statements about their business transactions, not only with the Government, but with labor unions in this country, the agency or the authority that represents collectively masses of working people who are out on the job, who are earning their living by the sweat of their brow, and who are entitled to the protection of officers of integrity, men who can come before any tribunal established by lawful authority in this country and give an accounting of their relationship and their financial transactions with such organizations.

Is there anything further?

Mr. KENNEDY. Mr. Chairman, to complete the record, as we explained, Mr. Senese came into the sheet metal company by having this witness as well as the other partner turn over \$1,000 apiece of their capital account.

I would like to ask Mr. Mundie if we have any figures as to what that is worth at the present time.

Mr. MUNDIE. \$22,935.71 as of April 30, 1958.

Mr. KENNEDY. And we find no investment that they made?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. The contracts that these gentlemen have received on these Nike missile bases are all subcontracts, are they not, Mr. Calabrese?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Let us ascertain who the prime contractor is and get some assurances from them that they are not going to use these people. I think certainly the Federal Government can see to it that they are not used on these subcontracts, people who cannot give an accounting of their financial transactions when they are having business dealings with the officers and authorities who represent the working people, the organized working people in this country.

Is there anything else?

Mr. KENNEDY. That is all.

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 12:10 p.m., the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Ervin.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, I would like to put some more figures into the record, based on the staff's investigation. In connection with that, I would like to call Mr. Mundie.

TESTIMONY OF JAMES F. MUNDIE—Resumed

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. Mr. Mundie, in connection with Mr. Glimco, did we find that he has any bank accounts at all?

Mr. MUNDIE. Nowhere in our investigation did we disclose a bank account in the name of Mr. Joseph P. Glimco.

Mr. KENNEDY. He, like Mr. Hoffa, deals completely in cash; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. All his transactions are in cash?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. What procedure does he use when he needs a check?

Mr. MUNDIE. Well, he has places of business that he is interested in draw checks for his personal needs, and then reimburses them with cash.

Mr. KENNEDY. What sort of example do you have of that?

Mr. MUNDIE. I have an example here of a check from Mr. Coca. It is dated August 21, 1958, to the Prudential Life Insurance Co. in the amount of \$29.05. It is a payment on a life insurance policy.

Mr. KENNEDY. This is one of many, many examples of any time that he actually needs a check and cannot deal in cash, it would appear that he goes to a friend or a company in which he has an interest and has them draw a check?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. And then possibly reimburses them for that money?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. But he never deals in checks himself?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Nor does he have any bank accounts?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Does he buy any stocks? Do we find that at all?

Mr. MUNDIE. During our investigation—

Mr. KENNEDY. Just if you could answer the question—

Mr. MUNDIE. Yes.

Mr. KENNEDY. Does he buy the stocks, however, in his own name?

Mr. MUNDIE. No. He buys the stock in his children's name, his wife's name, and his own name.

Mr. KENNEDY. Could you give us some examples of that?

Mr. MUNDIE. Yes. During the years of 1956 to 1958, he purchased 337 shares of A. T. & T. in the amount of \$53,958.31.

The CHAIRMAN. What year was that?

Mr. MUNDIE. Between 1956 and 1958.

Mr. KENNEDY. First, how do you know that the stock was purchased by him?

Mr. MUNDIE. I have applications at the Riverside National bank where the stock was purchased.

Mr. KENNEDY. In whose name was this stock purchased?

Mr. MUNDIE. 175 shares was purchased in the name of Joseph P. Glimco, Jr.

Mr. KENNEDY. Who is that?

Mr. MUNDIE. That is his son.

Mr. KENNEDY. Yes?

Mr. MUNDIE. 121 shares were purchased in his daughter's name, Joanne M. Glimco.

Thirty-seven shares was purchased in his daughter's name and his wife, Lena Glimco.

Three shares in his son and his daughter's name, Joseph Glimco, and his son's name, Joseph P. Glimco, Jr., and one share in Joseph, Jr., and his wife's name, making a total of 337 shares.

Mr. KENNEDY. Do we find that Mr. Pantaleo plays any role in this?

Mr. MUNDIE. I have an application dated December 12, 1956, for 10 shares of stock in the amount of \$1,700. This application was signed by Frank V. Pantaleo.

On January 21, 1956, another 10 shares of A.T. & T. This application was signed by Frank V. Pantaleo. The total of those two purchases was \$3,509.95.

Mr. KENNEDY. Going back to the A.T. & T. stock, you stated that it was 1956. Is the correct date 1953 to 1958, rather than 1956?

Mr. MUNDIE. Yes, that is correct.

The CHAIRMAN. Does this represent several different purchases during those years, or were they all purchased at one time?

Mr. MUNDIE. It was purchased over the period.

The CHAIRMAN. In other words, 175 shares, I believe you said, was to his boy?

Mr. MUNDIE. Yes. Well, that was purchased over a period of time.

The CHAIRMAN. It wasn't all purchased, 175 shares at one time, but different purchases over those years aggregated 175 shares?

Mr. MUNDIE. Yes.

The CHAIRMAN. That is true with respect to the others?

Mr. MUNDIE. Yes.

The CHAIRMAN. All right.

And over that period of time, what did these particular shares amount to, the value?

Mr. MUNDIE. \$53,958.31.

The CHAIRMAN. That is a purchase price, that is what he paid. That is not their value now?

Mr. MUNDIE. No, sir.

The CHAIRMAN. You are talking about at the time of purchase?

Mr. MUNDIE. That is correct.

The CHAIRMAN. The value is the figure you gave?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. I have some other matters I would like to put into the record.

The significance or importance of the stock, Mr. Chairman, and Mr. Mundie's testimony, is the fact that Mr. Glimco does not deal in bank accounts, he just deals in cash; that when he has to make checks out, he goes through his friends or companies that he is interested in. When he is making purchases of stock, getting ownership of stock, in at least the majority of cases he does it in the name of his family rather than, again, in his own name.

Mr. Balaban, I would like to ask you about the use of some union funds. Did Mr. Glimco keep an apartment in Chicago?

TESTIMONY OF JACK S. BALABAN—Resumed

Mr. BALABAN. Yes, sir; he does. He has an apartment, a room, in the Oak Park Arms Hotel, in Oak Park, Ill.

The CHAIRMAN. Oak Park?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. The Oak Park Arms Hotel?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. And that room was rented under the name of Joe Glimco?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. At \$7 a day?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. And these rentals were charged to organizing expense or to rental expense?

Mr. BALABAN. It was charged to first organizing expense and more recently to a rental expense.

Mr. KENNEDY. Prior to our investigation it was organizing expense?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. How much does this room cost the union?

Mr. BALABAN. For the years from 1955, when he first started——

Mr. KENNEDY. What month in 1955?

Mr. BALABAN. In September 1955 through April 1958, the amount was \$6,282.62. But they are still continuing to use that. The amount is more now.

Mr. KENNEDY. Has there been anything in the minutes in connection with this room?

Mr. BALABAN. There wasn't earlier, but since the investigation they started to put into the minutes the rental of this room at the Oak Park Arms Hotel.

Mr. KENNEDY. There was an entry made in December 1957, which was the first indication that the union was paying for the room; is that right?

Mr. BALABAN. That is correct.

Mr. KENNEDY. And at that time it said they gave approval to expenses for the Oak Arms Hotel; is that right?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. But until that, some 2 years after they had the room, there had been no mention in the minutes?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. On another matter, do we find that the union purchased a lot at Sun Valley?

Mr. BALABAN. That is correct, sir.

Mr. KENNEDY. Would you relate to the committee what the records show on that?

The CHAIRMAN. Mr. Calabrese, do you have the answer on that?

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. CALABRESE. We found from a review of the records of local 777 that they purchased a lot from the Sun Valley, Inc. The purchase was made by check dated February 29, 1956, signed by George Marcie and Joe Coca, for the purchase of one lot by union for investment. The sum was \$890.

Mr. KENNEDY. What do the minutes say as explanation for this?

Mr. CALABRESE. This was charged to the general fund with the explanation "As per instructions from Hoffa as good investment in a lot. The executive board passed the motion to purchase one lot."

Mr. KENNEDY. "As per instructions from Hoffa as a good investment" in a lot?

Mr. CALABRESE. That is correct.

The CHAIRMAN. That is the one that Hoffa had an option to purchase how much, 45 percent of it?

Mr. KENNEDY. He and Brennan at the original cost, in which they were then promoting among the Teamster members, and where they transferred \$500,000 out of a bank in Detroit to a Florida bank which paid no interest, to induce the Florida bank to loan money on Sun Valley.

How much was spent by local 777 at the international convention in Miami Beach, Fla., in September 1957?

Mr. CALABRESE. The exact figures I will have to give you at a little later date. However, in this figure there was an item included in the amount of \$4,289.89. It was an expenditure for one-third of the entire cost of the "James Hoffa Dinner, September 29, 1957."

This was a party given at the Hotel Fontainebleau for Mr. Hoffa.

Mr. KENNEDY. Do you know who paid the other two-thirds?

Mr. CALABRESE. I believe there were two other Chicago locals that split, two other Teamster locals that split the charges on this dinner.

Mr. KENNEDY. The cost of the dinner was some \$13,000; is that right?

Mr. CALABRESE. Approximately, yes.

Mr. KENNEDY. At least one-third or more was paid by the local in Chicago?

Mr. CALABRESE. 777.

Mr. KENNEDY. That is local 777, this local. But do you know what the other two-thirds was paid by? Do you have that?

Mr. CALABRESE. The total amount was \$12,869.68.

The CHAIRMAN. Who paid the other two-thirds? That is what we are trying to find out. Do you know?

Mr. CALABRESE. I believe it is 743. I am not sure of that. That is the identity of one of the locals. The third one I don't have the answer to at this time.

Mr. KENNEDY. We had one of the officials of the union before our committee in the beginning of the year, Mr. Chairman. The number slips my mind.

Then there were other costs down there. The King Cole Hotel; is that right?

Mr. CALABRESE. That is correct. There was a charge of \$864.33, paid to the King Cole North Shore Hotel in Miami Beach, Fla., for two cabana parties.

The CHAIRMAN. Two what?

Mr. CALABRESE. Two cabana parties.

On September 29 and October 5, 1957. There is a note that this King Cole North Shore Hotel is the hotel that is owned by Louis Koren, who was mentioned earlier as owning the Koren Research that Mr. Comforte had a business interest in, and also the Distributing Corp., of Illinois.

Mr. KENNEDY. That was for entertainment of the "other delegates," these two cabana parties?

Mr. CALABRESE. They were for entertaining expenses at the King Cole Hotel.

Mr. KENNEDY. Entertainment for "other delegates," is that right, for these two cabana parties?

Mr. CALABRESE. Yes.

Mr. KENNEDY. For \$864.33. Then did they take a trip while they were down there?

Mr. CALABRESE. Yes. There was a trip that was sponsored by an agency known as Journeys International, in Chicago, Ill. It was an all-expense tour of the Caribbean Islands. This trip was made by three of the delegates, George Marcie, Joseph Coca, and Oscar Kofkin.

Mr. KENNEDY. Who is Marcie?

Mr. CALABRESE. Secretary-Treasurer of local 777.

Mr. KENNEDY. Joe Coca?

Mr. CALABRESE. He was at that time president of local No. 777.

Mr. KENNEDY. And Mr. Kofkin?

Mr. CALABRESE. Mr. Kofkin is vice president of local No. 777.

Mr. KENNEDY. So they made an all-expense tour of the Caribbean Islands with three delegates; is that right?

Mr. CALABRESE. Yes; at a total expense of \$1,656.

Mr. KENNEDY. Who paid that?

Mr. CALABRESE. The union paid that. I might say this was right after the election of Mr. Hoffa—during the convention in Miami.

The CHAIRMAN. In last year?

Mr. CALABRESE. In 1957, that is correct, sir.

The CHAIRMAN. 1957?

Mr. CALABRESE. Yes.

Mr. KENNEDY. There were many Teamster officials that went on this tour, but this is how much was paid by that local?

Mr. CALABRESE. Yes, that is correct.

Mr. KENNEDY. The other Teamster officials had their bills paid by their own locals?

Mr. CALABRESE. Yes, apparently so.

Mr. KENNEDY. I understand there were two plane loads of Teamster officials that made this trip?

Mr. CALABRESE. That would be correct. They had two separate trips. One group swung one side of the tour and the other went the other way.

Mr. KENNEDY. Did they meet then half-way?

Mr. CALABRESE. I don't think so. I don't know.

Mr. KENNEDY. Mr. Glimco also attended the trial of Mr. Hoffa here in Washington, D.C.?

Mr. CALABRESE. He was in Washington, D.C., during that period, yes, sir.

Mr. KENNEDY. How much did the union pay for his hotel bills?

Mr. Chairman, could we make these documents, on which Mr. Calabrese has based his testimony, exhibits?

The CHAIRMAN. They can be made exhibit in bulk, exhibit No. 11. (Documents referred to were marked "Exhibit 11" for reference and may be found in the files of the select committee.)

Mr. CALABRESE. Would you restate the question, please?

Mr. KENNEDY. Did Mr. Glimco also come here to Washington when Mr. Hoffa was being tried?

Mr. CALABRESE. He did.

Mr. KENNEDY. That was in Federal court. How much did the union pay for his hotel bills on his visit here to Washington?

Mr. CALABRESE. For the period June 19-June 20, June 23 through July 24, 1957, the union paid \$5,630.29 to the Woodner Hotel for the expenses of Mr. Glimco and Mr. Kofkin.

The CHAIRMAN. Who?

Mr. CALABRESE. Mr. Kofkin.

Mr. KENNEDY. He is the other union official.

The CHAIRMAN. Over what period of time was that?

Mr. CALABRESE. For the period June 19-20, June 23 through July 24, 1957.

The CHAIRMAN. What is that for, about a month's time or a little more?

Mr. CALABRESE. Approximately, yes, sir.

The CHAIRMAN. About a month and 3 days; is that correct?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. A month and 3 days and it paid out a total of \$5,630.29 for the two who were here?

Mr. CALABRESE. The two that we know of, Senator.

The CHAIRMAN. I beg your pardon?

Mr. CALABRESE. Two that we know of. The registration card indicates Oscar Kofkin and party.

Senator ERVIN. Give me those figures again.

Mr. KENNEDY. That is not the complete figure, Mr. Calabrese, that \$5,000.

Mr. CALABRESE. For the period June 19-June 20—

Mr. KENNEDY. I am talking about the expense for the whole period of time of their coming down.

Mr. CALABRESE. The total expense would be \$7,094.55.

Mr. KENNEDY. The question is how much it cost local 777 for them to come here and remain while Mr. Hoffa was being tried.

Mr. CALABRESE. The total figure would be \$7,094.55.

Senator ERVIN. If my figures are correct, that covers a total period of 35 days, \$200 a day, \$100 apiece.

Mr. CALABRESE. That would be about correct, Senator.

Senator ERVIN. They must have gotten title to a couple of rooms, fee simple title.

The CHAIRMAN. I do not know whether they got the title, but they apparently bought them.

Mr. KENNEDY. Also, when one of the attorneys that was involved in this case down here came to Chicago, he had his bill paid by the Teamsters Union.

The CHAIRMAN. Who is that?

Mr. KENNEDY. Would you relate that to the committee?

Mr. CALABRESE. This attorney, after the trial, made a trip to Chicago and stayed at the hotel in Chicago, and his bill was paid by the Taxicab Drivers Union, local 777, a total of \$216.43.

Mr. KENNEDY. What was he doing for local 777?

Mr. CALABRESE. Nothing that could be ascertained.

Mr. KENNEDY. But the union nevertheless paid his bill when he was in Chicago?

Mr. CALABRESE. They did, and they marked it "Hotel bill as per Kofkin's instructions, public relations, entertaining."

The CHAIRMAN. Do you have the document there showing it?

Mr. CALABRESE. I do.

The CHAIRMAN. That document may be made exhibit 12.

(Document referred to was marked "Exhibit No. 12" for reference and may be found in the files of the select committee.)

The CHAIRMAN. The other documents that you have been testifying from, do you have those?

Mr. CALABRESE. Yes, I do, Senator.

The CHAIRMAN. They may be made exhibit 13, in bulk.

(Documents referred to were marked "Exhibit No. 13" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Glinco is in frequent touch with Mr. Hoffa, is he not?

Mr. CALABRESE. He has been, yes.

Mr. KENNEDY. And while here in Washington, D.C., during the trial, he was in frequent touch with the various attorneys in connection with the case?

Mr. CALABRESE. He was.

Mr. KENNEDY. All of which was paid, of course, out of union funds. He was also in touch with a Mr. Murray H. Olf, was he not?

Mr. CALABRESE. The call was made to Mr. Murray H. Olf from his apartment.

Mr. KENNEDY. Who is Mr. Olf?

Mr. CALABRESE. Mr. Olf has the reputation of being a gambler here in Washington, D.C., and is supposed to be closely associated with Frank Costello.

Mr. KENNEDY. His name came up in the Kefauver hearings?

Mr. CALABRESE. Yes.

Mr. KENNEDY. Was he a witness in the Kefauver hearings?

Mr. CALABRESE. Mr. Costello?

Mr. KENNEDY. No.

Mr. CALABRESE. Mr. Olf?

Mr. KENNEDY. Yes.

Mr. CALABRESE. That is my understanding, that he was.

Mr. KENNEDY. Do you know what he was in touch with Mr. Olf about?

Mr. CALABRESE. We have no information on that, Mr. Kennedy.

Mr. KENNEDY. We also have telephone calls from Miss Murray's apartment and Miss Murray's home to Mr. Hoffa?

Mr. CALABRESE. There has been——

The CHAIRMAN. Do you mean the Miss Murray who testified here this morning?

Mr. CALABRESE. Yes, Senator.

Mr. KENNEDY. There was one incident of that?

Mr. CALABRESE. Yes.

Mr. KENNEDY. Was that during the trial?

Mr. CALABRESE. I believe that was subsequent to it, Mr. Kennedy.

Mr. KENNEDY. The expenses that you gave for the trip to Florida were not the regular expenses of the delegates' trip down there to attend the convention, but these were extra expenses, were they not?

Mr. CALABRESE. Extra, yes.

Mr. KENNEDY. The payment for Mr. Hoffa's dinner and the trip around the Carribean Islands?

Mr. CALABRESE. Yes.

Mr. KENNEDY. This was over and above the regular expenses?

Mr. CALABRESE. What they got, yes.

Mr. KENNEDY. I believe that is all, Mr. Chairman.

The CHAIRMAN. Very well, gentlemen.

Mr. KENNEDY. In connection with the same matter, I would like to call Mr. Maurice Adler.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ADLER. I do.

TESTIMONY OF MAURICE ADLER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. ADLER. Maurice A. Adler, 915 Sheridan Road, Evanston, Ill. I operate the Acme Secret Service, Ltd., an investigating agency in Chicago.

The CHAIRMAN. You operate what?

Mr. ADLER. An investigating——

The CHAIRMAN. A private detective agency is what it amounts to?

Mr. ADLER. Yes, sir.

The CHAIRMAN. Do you waive counsel?

Mr. ADLER. Yes, sir. But for the record, I would like to request an opinion from this committee as to whether, in my capacity as investigator, I am not entitled to the privilege?

The CHAIRMAN. I do not believe that privilege extends to an investigator. Can you cite me any law where it does?

Mr. ADLER. No. I consulted counsel before coming here. My lawyer in Chicago was not quite certain. There was no precedent as far as the State of Illinois was concerned.

The CHAIRMAN. Let's make one now and let somebody test it. Let's proceed.

Mr. KENNEDY. I might say, Mr. Chairman, we have had investigators in the past who have testified.

The CHAIRMAN. I do not know any statute that extends the privilege to investigators.

Senator ERVIN. The privilege only extends to priest and penitent, attorney and client, and physician and patient. I do not know any other area. Newspapermen have claimed another area.

The CHAIRMAN. Your protest will be noted for the record. Your request that you be granted the privilege will be denied by order of the Chair; unless there is objection on the the part of the committee, that will be the final order of the Chair, and you will be ordered and directed to testify.

Proceed.

Mr. KENNEDY. Mr. Adler, you were hired by Mr. Joey Glimco?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. And that was to conduct a surveillance, was it not?

Mr. ADLER. An investigation that included surveillance; yes, sir.

Mr. KENNEDY. There was an investigation of certain police officials of the Chicago Police Department?

Mr. ADLER. Policemen; yes, sir.

Mr. KENNEDY. Certain policemen?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. That surveillance went on for how long a period of time?

Mr. ADLER. Between the period March 4, 1957, to the period of March 25, 1957.

Mr. KENNEDY. And at that time you were following these policemen on the instructions of Mr. Glimco?

Mr. ADLER. Part of the time; yes, sir.

Mr. KENNEDY. You were also conducting a surveillance outside the police department and also outside their homes?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. The purpose, initially at least, was to determine whether they were participating in any wiretapping; is that right?

Mr. ADLER. That is correct.

Mr. KENNEDY. And you found no evidence of that?

Mr. ADLER. That is right.

Mr. KENNEDY. At one time, Mr. Glimco thought, according to the information that I understand is available, he thought they might be digging underground and coming in through the bottom of the union headquarters?

Mr. ADLER. Not digging, but perhaps tapping on an underground telephone cable.

Mr. KENNEDY. And that they were disguising themselves as underground workmen; is that it?

Mr. ADLER. Well, I guess that is a good way of putting it; yes.

Mr. KENNEDY. You found no evidence to that effect?

Mr. ADLER. No, sir.

Mr. KENNEDY. Mr. Glimco had a contact in the police department, did he not?

Mr. ADLER. This would be a supposition.

Mr. KENNEDY. He gave you information and told you somebody in the police department who would give information as to what these officials were doing, did he not?

Mr. ADLER. Well, there was somebody supposed to have been a source of information. The individual or parties were never identified to me.

Mr. KENNEDY. A representative of your office, however, was in contact with them?

Mr. ADLER. Was in contact with a person, yes, who was supposed to have information.

Mr. KENNEDY. Who was to give you information as to the goings and comings of these police officials?

Mr. ADLER. That is correct.

Mr. KENNEDY. Do you know who it was in the police department who was furnishing this information?

Mr. ADLER. No, sir; I don't.

Mr. KENNEDY. Your office was in contact with them, but didn't learn their identity?

Mr. ADLER. I am sorry——

Mr. KENNEDY. Your office was in contact with this police official who was giving information on his fellow policemen?

Mr. ADLER. This was not a police official, as far as I had knowledge.

Mr. KENNEDY. Do you know who it was?

Mr. ADLER. No, sir.

Mr. KENNEDY. What was their position in the police department?

Mr. ADLER. I don't believe they were associated with the police department, but I believe they were in a position of acquiring information from the police department.

Mr. KENNEDY. Would you describe that more completely?

Mr. ADLER. That is about the best description I can give. The channels were not described to me. It was merely that this person could be used as a source of information.

Mr. KENNEDY. Was the person at that time operating in the police department?

Mr. ADLER. Not that I had knowledge of; no, sir.

Mr. KENNEDY. Did you understand they were operating in the police department?

Mr. ADLER. My impression was that they were not part of the police department.

Mr. KENNEDY. Where were you in contact with them or where was your office in contact with them?

Mr. ADLER. I didn't make a contact, myself, but I believe it was a restaurant.

Mr. KENNEDY. How did you understand they were going to obtain this information on these police officers?

Mr. ADLER. I merely assume they had a source for this type of information. I didn't inquire as to what form it took.

Mr. KENNEDY. Some of the reports that you made indicated that the individual knew at the very time that these police officials were leaving their job, what time they were coming back, what they were doing within the police department. Obviously, they had some information directly within the police department.

Mr. ADLER. It was indicated to me that they would have this knowledge. How they came by the knowledge was not explained.

Mr. KENNEDY. How could they possibly come to have the knowledge unless they were actually working in the police department them-

selves? I am giving you examples which I am sure you remember, where they were describing when their fellow police officials were leaving the police headquarters and when they were returning, when they would be back on duty.

Mr. ADLER. Or if they knew somebody in the police department.

Mr. KENNEDY. You have no more identification of them than that?

Mr. ADLER. No, sir; I don't.

The CHAIRMAN. In other words, you honestly believe, though, that information had to originate from the Police Department. You don't get it directly from someone in the department, but the source you got it from could not have known unless they got it from the department or through someone in the department who knew?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. And was that arrangement made by Mr. Glimco?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. That was not any contact of yours?

Mr. ADLER. No, sir.

Mr. KENNEDY. That was all done by Mr. Glimco?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. He was the one that was able to obtain this information?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. You also protested, as I understand it, and your report would seem to indicate, the amount of money that was going into this investigation, did you not?

Mr. ADLER. The investigation was rather lengthy, and, in my opinion, was growing expensive.

Mr. KENNEDY. Didn't you bring this to Mr. Glimco's attention?

Mr. ADLER. Yes, I did.

Mr. KENNEDY. Did he indicate to you that money was no object?

Mr. ADLER. He said not to worry about it, and to continue the investigation so long as he directed it.

Mr. KENNEDY. Did you not raise that question about the amount of money involved? Didn't you raise that question several times with him?

Mr. ADLER. Yes.

Mr. KENNEDY. And he indicated to you that he wanted to go ahead with the investigation, that the money part was not important?

Mr. ADLER. He indicated he desired to go ahead with the investigation; yes, sir.

Mr. KENNEDY. How much money did you receive for that investigation?

Mr. ADLER. \$3,840.

The CHAIRMAN. That is for a period of less than a month?

Mr. ADLER. Actually, it was 19 calendar days.

The CHAIRMAN. \$3,800 for 19 calendar days?

Mr. ADLER. Yes, sir.

The CHAIRMAN. That is approximately, then, \$200 a day; that is, overall. I am sure you had some expenses.

Mr. ADLER. Yes, sir.

The CHAIRMAN. But the overall was \$200 a day?

Mr. ADLER. Approximately.

Mr. KENNEDY. You received union checks for that?

Mr. ADLER. I received one union check; yes, sir.

Mr. KENNEDY. For that full amount?

Mr. ADLER. Yes, sir.

The CHAIRMAN. In other words, it was paid with union money?

Mr. ADLER. Yes, sir.

The CHAIRMAN. What was he being tried for at that time?

Mr. KENNEDY. He was being tried, Mr. Chairman, in connection with extorting money from certain people in the Fulton Street market, which had nothing, of course, to do with local 777 of the Teamsters Union. But he had these close contacts with local 703 of the Teamsters Union.

The CHAIRMAN. In other words, the charges against him were not in connection with union business proper, but his own activities, extracurricular, outside of union business, as such?

Mr. KENNEDY. Yes. He hired an investigator to conduct a surveillance of police officials or policemen in the Chicago Police Department and paid for that surveillance out of union funds.

The CHAIRMAN. What I am getting at is that the charges that were pending against him at the time, on which he was being prosecuted, were not for acts that he had done as a union official, were they?

Mr. KENNEDY. No, as far as local 777. He is a major power in a number of different locals in the Chicago area, including local 703, which operates in the Fulton Street market. But he has no official position there.

The CHAIRMAN. Actually, it was extortion that he was charged with?

Mr. KENNEDY. That is right.

The CHAIRMAN. No legitimate union has a right to extort, to engage in criminal extortion. If he had engaged in extortion, that was an exercise or act of his over and beyond his duties as a union official; is that correct?

Mr. KENNEDY. Yes.

The CHAIRMAN. And when he gets caught or gets accused of it, then he takes union money to defend himself.

Mr. KENNEDY. Mr. Chairman, this \$3,840 is part of the \$124,000, approximately, that we stated was used in connection with the trial of Mr. Glimco at that time.

The CHAIRMAN. That is a part of the \$124,000?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions, Senator Ervin?

Senator ERVIN. No questions.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. I would like to call the secretary-treasurer of local 777, Mr. George Marcie.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARCIE. I do.

**TESTIMONY OF GEORGE MARCIE, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. MARCIE. George Marcie, 2332 Farwell Street, Chicago, Ill.

The CHAIRMAN. Plus your occupation or business?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you have counsel?

Counsel, identify yourself.

Mr. ALLDER. H. Clifford Alder, Washington, D. C.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Marcie, you are secretary-treasurer of local 777 and have held that position since 1937; is that right?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You receive a salary of some \$15,600 a year, and are furnished with a new Cadillac practically every year, although they did skip last year, I think.

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. But you have your 1959 Cadillac?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You are a member of the executive board and representative of the union on the health and welfare plan of local 777?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In addition to your regular expenses from the union, you also have some rather extraordinary expenses, do you not, that you charge to the union?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do you belong to the Tam O'Shanter Country Club in Chicago?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The union pays your bills at the Tam O'Shanter Club?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could I call an investigator on that, Mr. Chairman?

The CHAIRMAN. Come forward, Mr. Balaban.

All right, proceed.

Mr. KENNEDY. Mr. Balaban, have we made a study of local 777 to determine the amount of charges, the amount of bills that have been paid to Tam O'Shanter Club by local 777?

TESTIMONY OF JACK S. BALABAN—Resumed

Mr. BALABAN. Yes, we have, sir.

Mr. KENNEDY. During what period?

Mr. BALABAN. During the period of May 1952 to December 1956.

Mr. KENNEDY. This is for Mr. Marcie; is that right?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. For his membership in the club?

Mr. BALABAN. That is correct.

Mr. KENNEDY. And for his entertainment?

Mr. BALABAN. That is correct.

Mr. KENNEDY. And for his playing golf; is that right?

Mr. BALABAN. Yes.

Mr. KENNEDY. How much has the union paid?

Mr. BALABAN. \$10,611.99.

Mr. KENNEDY. The union paid that?

Mr. BALABAN. The union, local 777 paid that.

The CHAIRMAN. That came out of the dues money that these workers paid into the union?

Mr. BALABAN. That is correct, sir.

The CHAIRMAN. Just like the same money they paid on that hotel bill out in California for a little entertainment; is that right?

Mr. BALABAN. That is right.

Mr. KENNEDY. Mr. Marcie, how would that possibly help your union position? Who were you taking out there to play golf with?

TESTIMONY OF GEORGE MARCIE, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER—Resumed

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Were you taking the head of one of the taxicab companies or what? How was it helping the union that you should go out and play golf?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This is a local union. You are not a Joint Council official or an International official. You are a local official. How could you possibly explain the charge of some \$10,000 for a membership in the Tam O'Shanter County Club?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Also, Mr. Marcie, you have some other things that are going for you, do you not? You have some businesses?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is this man interested in that company that is doing the Government work?

Mr. KENNEDY. No; but he has some other companies that are of some interest.

You are married to Rose Marcie and you have a son, Don; is that right?

(The witness conferred with his counsel.)

Mr. MARCIE. Yes, sir.

Mr. KENNEDY. Have you set them up in businesses? Have you set up any businesses in their names?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You, your wife, and your son Don own or have an interest in two businesses, the Don Marcie Co.—Don Marcie, Inc.; is that right?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is that business enterprise engaged in some illegitimate business or unlawful business?

(The witness conferred with his counsel.)

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If it is engaged in a lawful business, do you think you could answer without incriminating yourself?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you so corrupt in all of your dealings that you can't talk about them anywhere in decent society?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. The second company is the Best Sanitation & Deodorizing Co. Both of these companies occupy space in this building that is owned by local 777 of the Teamsters.

The CHAIRMAN. Do you pay any rent for the space that you occupy with these company enterprises of your own?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. How much have you chiseled these union members out of in the course of time that you have served as an officer of their union? How much?

Mr. MARCIE. I respectfully decline to answer the question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you deny that you have been chiseling them out of their money? Do you deny it?

Mr. MARCIE. I respectfully decline to answer the question because I honestly believe the answer might tend to incriminate me.

The CHAIRMAN. I expect it would.

Proceed.

Mr. KENNEDY. The Best Sanitation is a company which performs janitorial and deodorizing services in toilets. I will show the pertinency of that in a second.

I would like to ask some questions of the investigator in that connection.

The CHAIRMAN. Proceed.

TESTIMONY OF JACK S. BALABAN—Resumed

Mr. KENNEDY. Mr. Balaban, have we found that Mr. Glimco has solicited accounts for the Best Sanitation & Deodorizing Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Can you tell what evidence we have on that?

Mr. BALABAN. We have an affidavit from an industrialist in Chicago, Titus Haffa, where he says that he was solicited by Mr. Glimco for the Best Sanitation Service.

We also received information from the phonograph people that they were using the service. That information was that local 710, the Highway Drivers, were using that service. We have a list here.

Mr. KENNEDY. These were accounts procured by Mr. Glimco?

Mr. BALABAN. We don't know that all of them were, but these that I mentioned were. We have a list.

Mr. KENNEDY. Mr. Titus Haffa is the owner of the Webcor and Dormeyer Corps.?

Mr. BALABAN. Amongst many others; yes, sir.

Mr. KENNEDY. Also the Checker Cab Co.?

Mr. BALABAN. The Checker Cab Co. and the Yellow Cab Co.

Mr. KENNEDY. Both cab companies use Best Deodorizing?

Mr. BALABAN. Yes. I do know that Mr. Glimco solicited the Checker Cab.

Mr. KENNEDY. And the Kingsbury Iron & Metal Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Is it also true that Mr. Joseph Glimco, Jr., is on the payroll of the company?

Mr. BALABAN. He was, sir.

Mr. KENNEDY. For what period of time?

Mr. BALABAN. During part of 1957 and part of 1958.

Mr. KENNEDY. Was he on there as a salesman?

Mr. BALABAN. The records show that he was supposed to be a salesman; yes, sir.

Mr. KENNEDY. He received a salary of how much?

Mr. BALABAN. \$130 a week.

(At this point Senator Mundt entered the hearing room.)

Mr. KENNEDY. Have you the names of the companies that the Best Sanitation & Deodorizing Co. does business with?

Mr. BALABAN. A partial list; yes, sir.

(At this point Senator McClellan left the hearing room.)

Mr. KENNEDY. Local 703, the Produce Drivers; local 704, the Coal Drivers; local 705, the Truck and Oil Drivers; local 710, the Meat Drivers; local 714, the Machinery and Scrap Iron Drivers; local 724, the Florist Drivers; local 777, the Taxi Drivers; local 777 Health and Welfare Fund; local 781, the Miscellaneous Warehousemen; is that right?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. These are some of the Teamster Unions that they do business for?

Mr. BALABAN. That is right.

Mr. KENNEDY. Also local 548 of Journeymen Barbers?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 130 of the Plumbers Union?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 593 of the Restaurant Workers Union?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 136 of the Machinery Movers?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 87, the Amalgamated Meat Cutters?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 44, Chicago Joint Board?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 24, Toy and Novelty Workers?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Local No. 18, the Plastic Workers?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. The Yellow Cab Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Checker Cab Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Transportation Maintenance Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Rock Road Construction Co.?

Mr. BALABAN. That is right.

Mr. KENNEDY. The Orchid Flower Shop?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Who owns that shop?

Mr. BALABAN. It was owned by the wives of Mr. Capezio, Tony Capezio, and Anthony Campagna.

Mr. KENNEDY. Little New York Campagna?

Mr. BALABAN. That is right.

Mr. KENNEDY. The wives of the two leading gangsters in Chicago own this flower shop?

Mr. BALABAN. Yes, sir.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. Did local 777 purchase all their flowers from this flower shop?

Mr. BALABAN. They did, sir.

Mr. KENNEDY. That would approximate about \$1,000 a year?

Mr. BALABAN. A little over that, I believe.

(At this point Senator Ervin left the hearing room.)

Mr. KENNEDY. Premium Beer Sales, was that another account?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. The Luxor Baths?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Lormar Distributing Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Automatic Phonograph Distributing Co.?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. Keeshin, Inc.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Shoreland Hotel?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Racine Auto Supply?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Frank Pantaleo & Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. AMI Sales Corp.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Kingsbury Iron & Metal Co.?

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Premium Beer Sales is the company in which Mr. Tony Acardo has an interest?

Mr. BALABAN. That is right.

Mr. KENNEDY. We have also had testimony in connection with the Lormar Distributing Co., Frank Pantaleo, the AMI Sales Co. We

have had testimony in connection with a good number of these companies, Mr. Chairman.

Rose Marcie is the principal stockholder of Don Marcie, Inc.?

Mr. BALABAN. That is right.

Mr. KENNEDY. But the company is owned by herself, her husband and her stepson, Don Marcie?

Mr. BALABAN. That is correct.

Mr. KENNEDY. This company manufactures beauty products?

Mr. BALABAN. That is right.

Mr. KENNEDY. It was originally called the Gro-Mar Industries, Inc.?

Mr. BALABAN. That is right.

Mr. KENNEDY. It was incorporated in the year 1953?

Mr. BALABAN. That is correct.

Mr. KENNEDY. It was originally called the Gro-Mar Industries, Inc., and that company also occupied space in local 777?

Mr. BALABAN. It did, sir.

Mr. KENNEDY. Did we find from an investigation of the records that no rental was received from the Gro-Mar Co. for the years 1953 or 1954?

Mr. BALABAN. That is correct. The records show no rental received.

Mr. KENNEDY. Did we investigate the records, however, of the Gro-Mar and Don Marcie, Inc.?

Mr. BALABAN. That is right, sir; we did.

Mr. KENNEDY. What did they show?

Mr. BALABAN. We found that there was \$1,200 in rent that the company charged as rent expense, and there were checks drawn but these checks were never deposited with the taxicab union.

Mr. KENNEDY. That the records of the union show that no rent was paid, the records of the company show that there was rent paid, that checks were drawn for that company, and we find that those checks were never deposited to the bank account of the union?

Mr. BALABAN. That is right, sir. We don't have all——

The CHAIRMAN. Were they cashed? Were the checks cashed? You said they were drawn.

Mr. BALABAN. That is right, sir. We have the checks here. It would appear that they were cashed.

The CHAIRMAN. By whom?

Mr. BALABAN. We can't determine who. We can't get anybody to admit that they endorsed the checks. One of them was not endorsed at all. A \$100 check was not. It was just made out to cash. The stub shows that it was for rent. There is no endorsement on that check at all.

The one for \$500, however, is endorsed, and we have been unable to ascertain just who did endorse and cash that check. But we do know that the funds did not go into the taxicab union and there is no record that this money was received in the taxicab union.

The CHAIRMAN. Is that union 777?

Mr. BALABAN. Local 777; that is right.

The CHAIRMAN. The treasury did not get it, according to the records?

Mr. BALABAN. That is right, according to the records.

Mr. KENNEDY. So here we have in these two companies the union officials having an interest in them, and the companies being located in the union headquarters, and that they are doing business then with companies with which the union itself has contracts?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. That is, as far as the deodorizing company is concerned?

Mr. BALABAN. That is correct.

Mr. KENNEDY. And as far as the other company is concerned, the beauty products company, we find that although the records show that they paid money for rent, this money was never deposited to the benefit of the union?

Mr. BALABAN. That is correct.

Mr. KENNEDY. And one of the union officials is one of those who is an officer of these companies; and an owner of these companies?

Mr. BALABAN. That is correct.

Mr. KENNEDY. Then Mr. Glimco's son was a salesman, at least for a part of the time, for one of these companies?

Mr. BALABAN. That is right, sir.

Mr. KENNEDY. The deodorizing company?

Mr. BALABAN. That is right.

Mr. KENNEDY. It would just indicate, Mr. Chairman, the many ways in which this penetration into business can also take place.

The CHAIRMAN. Those checks and stubs may be made exhibit Nos. 14A, B and C.

(Checks referred to were marked "Exhibit Nos. 14A, B, and C for reference and will be found in the appendix on pp. 18080-18082.)

Mr. KENNEDY. And can we put into an exhibit the records of the Best Sanitation?

The CHAIRMAN. They may be made exhibit No. 15.

(Documents referred to were marked "Exhibit No. 15" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. I would like to ask one other question.

Could he identify that?

The CHAIRMAN. Mr. Marcie, I hand you a photostatic copy of an invoice made out to Taxi Drivers Union, local 777, No. 11205. It states it is for removing all glass and old frames in entire building, remodeling all front entrances, and installing glass brick in windows as per agreement.

It appears to be in the amount of \$2,750, from Schor Glass Co. I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. KENNEDY. Would you explain what that is, Mr. Balaban?

The CHAIRMAN. Just a moment. I just handed it to the other witness.

Have you examined the invoice the Chair presented to you?

Mr. MARCIE. I have, sir.

The CHAIRMAN. Do you identify it?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The invoice may be made exhibit No. 16.

(Invoice referred to was marked "Exhibit No. 16" for reference and will be found in the appendix on p. 18083.)

The CHAIRMAN. Mr. Balaban, will you examine this exhibit No. 16, this invoice, and give the committee an explanation of it?

(The document was handed to the witness.)

Mr. BALABAN. The peculiar thing about this document, sir, is that it seems to be a regular invoice with the Schor Glass Co. This was a glazing contractor who rented space in the building owned by 777. Printed over that are the words "Gro-Mar Construction Co." We talked to Mr. Bankendorf, who was the owner of Schor Glass Co., and he knew nothing about this company. Nobody seems to know anything about who Gro-Mar Construction Co. is.

The check is missing, and it is among those checks that are missing. We don't have the check nor the stub. We can't tell who endorsed and cashed the check, but we do know it was charged on the books.

The CHAIRMAN. Did the union pay it?

Mr. BALABAN. The union paid it; yes, sir.

The CHAIRMAN. Mr. Marcie, did you steal that money from the union, too?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now we have the amount of flowers that have been purchased by local 777 from this flower shop which is owned, as I say, by the wives of two of these leading gangsters.

Could we place that into the record?

The CHAIRMAN. All right.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. CALABRESE. For the period 1950 through April 30, 1958, a total amount of \$11,973.31.

The CHAIRMAN. \$11,000 what?

Mr. CALABRESE. \$973.

The CHAIRMAN. In other words, for a period of—what is that, 8 years?

Mr. CALABRESE. Seven and a quarter years.

The CHAIRMAN. For a period of a little over 7 years, the total flower bill that they bought from the gangster shop—is that what you said it was?

Mr. CALABRESE. It was owned by the wives of Mr. Campagna and Mr. Capezio.

The CHAIRMAN. A total of \$11,973.31?

Mr. CALABRESE. Yes.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Can you tell us anything, Mr. Marcie, about these two companies?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Through you and Mr. Glimco you were putting pressure on these various employers to do business with these companies?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you regard such tactics as have been shown here to be those of a racketeer and gangster? Do you?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You don't think they are actions of honest men, do you?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. These are companies either that you have put pressure on or where the union had a contract or where the company itself was owned by an individual with a police record; is that correct?

Mr. MARCIE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you make these exhibits, please?

The CHAIRMAN. The documents regarding the purchase of the flowers may be made exhibit No. 17, and the affidavit of Mr. Titus Haffa may be made exhibit No. 18.

(Documents referred to were marked "Exhibits Nos. 17 and 18" for reference and may be found in the files of the select committee.)

Mr. CALABRESE. Next are the rent checks by Don Marcie, Inc., the checks and stubs.

The CHAIRMAN. Do you mean the checks in payment?

Mr. CALABRESE. Yes.

The CHAIRMAN. They were made exhibits No. 14A, B, and C.

Mr. KENNEDY. What other documents have you?

Mr. BALABAN. Tam O'Shanter.

The CHAIRMAN. That will be made exhibit No. 19 in bulk.

(Document referred to was marked "Exhibit No. 19" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. That is all?

Mr. BALABAN. That is all.

Mr. KENNEDY. Mr. Oscar Kofkin and Mr. Joe Coca.

The CHAIRMAN. Come forward, please. Be sworn.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KOFKIN. I do.

Mr. COCA. I do.

TESTIMONY OF OSCAR KOFKIN AND CLOVIS JOSEPH COCA, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. Beginning on my left, the witness on my left, will you state your name, your place of residence, and your business or occupation?

Mr. COCA. Joseph Coca, 4419 North Lavergne Avenue, Chicago, Ill.

The CHAIRMAN. What is your business or occupation, please?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The witness on my right, what is your name?

Mr. KOFKIN. Oscar Kofkin, 6256 North Ridgeway Avenue, Chicago.

The CHAIRMAN. Have you got a business or occupation?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let the record show that the same counsel appears as for the previous witness.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Kofkin, you are a vice president of local 777?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is he an officer?

Mr. KENNEDY. He is vice president.

The CHAIRMAN. Is there any officer in that union that you know of that can come here and testify without possible self-incrimination? Do you know of any?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If you had an honest man in there, it might incriminate the whole works.

Mr. KENNEDY. You received a salary of some \$13,500 from the union, did you not, in 1957, Mr. Kofkin?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have long been a close associate of Mr. Glimco?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Have you been with the union since its inception, Mr. Kofkin?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have no convictions, as far as your police record is concerned?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have been arrested a number of times, once for murder and another time for assault with a deadly weapon, have you not?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were acquitted in the murder matter; is that right?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Can you tell us what happened in the assault with a deadly weapon?

You came down here and stayed with Mr. Glimco in the Hoffa trial?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did Mr. Hoffa want you and Mr. Glimco here to keep him company?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Coca, you are president of local 777; is that right?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You are now the trustee and office manager of local 777; you stepped aside and turned your former position over to Mr. Joey Glimco. Is that right?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were president of the local from the time that Abata was forced to resign in 1952 until February of 1958, when Joey Glimco became president; is that right?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Why did you quit when you had 2 more years to go on your term?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The fact is that you and your fellow Teamster officials just feel that you own this local and you can move your positions around as you see fit?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Can you tell us about the union paying some \$85,000 to Mr. Pantaleo in connection with the building construction work, the remodeling of the building in 1952-53?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Why did you pay him \$85,000 when it was only worth some \$35,000?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You received a salary in 1957 of some \$13,500 from the union; is that right?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. I will correct that, Mr. Chairman. That is \$13,100. It was \$13,100; is that right?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you approve of the payments to Mr. Pantaleo?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Joey Glimco actually runs this union, does he not?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us what the necessity of the Oak Park Arms Hotel room was?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you enjoy your trip through the Caribbean at union expense?

Mr. COCA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you enjoy it, Mr. Kofkin?

Mr. KOFKIN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?
Senator Mundt?

Senator MUNDT. I have no questions.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Joey Glimco.

The CHAIRMAN. Be sworn.

Do you solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GLIMCO. I do.

**TESTIMONY OF JOSEPH P. GLIMCO, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER—Resumed**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GLIMCO. Joseph Paul Glimco, 629 Selbourne Road, Riverside, Ill., and I am an American citizen.

The CHAIRMAN. Well, since you are so anxious to testify now, we will help you.

When did you become an American citizen?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I order, with the approval of the committee, since you voluntarily suggested you are an American citizen, sir, I order and direct you to state when you became an American citizen.

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. That order will continue throughout the duration of your appearance on the witness stand.

Senator MUNDT. May I say that I think the Chair is on exceedingly firm ground. If the witness persists in being in contempt of the committee on this point, we should certainly take every step that we can in citing him for contempt of Congress, because by no remote stretch of the imagination can any judge hold that becoming a citizen of the United States, telling us the date on which he obtained that great distinction, could incriminate anybody.

Too many people try to avoid deportation and denaturalization, and we should not permit that to stand in the record, Mr. Glimco.

If you want to let that stand in the record before this committee and the Congress, and are ashamed of your American citizenship to that extent, let the record so declare.

The CHAIRMAN. He might have been born here, I don't know.

Senator MUNDT. It is certainly something that the naturalization authorities ought to take under consideration, if we have a man here ashamed of his citizenship of the United States, if, indeed, he is a citizen.

The CHAIRMAN. He volunteered the information that he is a citizen of the United States.

I certainly have a right and this committee has a right to interrogate him.

When did you become a citizen? You understand that you are being ordered by this committee, representing the Senate of the United States—you are ordered and directed by this committee to answer that question.

Do you?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You are ordered now and directed to answer that question.

Do you understand it, that you are being ordered and directed to answer that question?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, Mr. Glimco is an important Teamster official, through his contracts with the underworld in Chicago. The fact that he is now a very close associate of Mr. Hoffa, the international President, is shown through his direct contracts with Mr. Hoffa. According to the testimony, he has been receiving money from employers and has shaken them down.

I would like to start with the beginning of the testimony before the committee. Mr. Abata testified that all the union officials when this local was first started, or after it had been going for several years, had to kick back a certain amount of their salaries to you; is that correct?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This amounted to some \$3,000 a month?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It was more than \$3,000 a month that you got in kick-back, is that right, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Not being content with that, you also took a certain percentage of the business of the various people—the merchants who were working the Fulton Street Market?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We have had the testimony of Mr. Nelson, that he had to make a kickback to you in order to operate in the Fulton Street Market.

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We also have the testimony in connection with these unusual payments that were made to Mr. Mallec. Did you receive that money from Mr. Mallec?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We had the fact that they made these payments not just because of you, but, because of whom you represented—people such as Tony Accardo. Do you know Mr. Accardo?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Paul "The Waiter" Ricca? Do you know him?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Tough Tony Capezio?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Little New York Campagna? Mr. Glimco?

Mr. GLIMCO. Pardon?

I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Gus Alex?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You rely on those people, do you not, in order to get these kickbacks, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then when you were indicted in 1953 for receiving other kickbacks, other than have been testified to before this committee, you used these kind of contacts in order to intimidate the witnesses and get them to change their story?

Mr. GLIMCO. I respectfully decline to answer because I believe my answer might tend to incriminate me.

Mr. KENNEDY. Yet you said at your naturalization proceedings in January 1939:

They have a perfect right at any time in the future, if citizenship is given to me, to take it away from me at any time. They have that right. I am not asking for something I am going to take and abuse.

You got your citizenship and abused it; did you not?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You became a union official. You never were interested in the slightest in the union membership.

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you ever do anything to help the union membership, one thing?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were one of the major supporters of Mr. Hoffa, and he is one of your major supporters. Is it because of this background that you have?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You don't care anything about yourself and these other people who are gangsters and hoodlums, do you?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you defraud the union by charging the construction of your own home to the union, just like Mr. Dave Beck?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. I would agree with you.

The CHAIRMAN. I believe it would.

Mr. KENNEDY. You can't tell us anything about that, can you, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You can have a lot of tough people call up witnesses, poor businessmen, poor members of the union, who can't afford to protect themselves, and have them intimidate these people, but you can't come before this committee and answer any questions, can you, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You haven't got the guts to do that, have you, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Morally you are kind of yellow inside, are you not? That is the truth about it?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. What happened to the \$50,000, the extra money that was paid Mr. Pantaleo?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee what you were doing at the Bel Air Hotel in California?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. For what purpose did you go out there with Miss Murray?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Why did the union pay some \$1,000 for that trip?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Why did you give a false address?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you married?

(The witness conferred with his counsel.)

Mr. GLIMCO. I am, sir.

The CHAIRMAN. Do you have children?

Mr. GLIMCO. Yes.

The CHAIRMAN. What kind of entertainment did you provide out there and have the union pay for?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I see.

Proceed.

Mr. KENNEDY. What did you have the room at the Oak Park Hotel for?

Mr. GLIMCO. Excuse me.

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Can you tell us why that was charged to entertainment also?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Can you tell us why the union paid for the Caribbean trip for the union officials?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Why was it in the interest of the union to spend over \$7,000 so that you and Mr. Kofkin could stay with Mr. Hoffa during the trial?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. How was that helping the union membership of the Teamsters, Mr. Glimco?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. You considered that these unions belonged to you and Mr. Hoffa, and that you could use the funds as you saw fit; is that right?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. How were you able to make this arrangement with the two taxicab companies, that you would pay them 7½ or 10 percent and then 7½ percent for collecting the dues? How did you happen to make that arrangement?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Do you regard the way you have gotten a lot of this money as just plain stealing it?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Have you any other explanation about the way you got it, any other term to describe it?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. You have been arrested 36 times, or are we understating it, Mr. Glimco?

(The witness conferred with his counsel.)

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Were you able to get out of convictions in those cases by intimidating the witnesses?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Could you tell the committee why the health and welfare fund was not trusteeed, Mr. Glimco?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Can you tell us anything about Mr. Marcie and his companies? Can you tell us anything about them?

MR. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. What about the Best Sanitation Co.?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You arranged accounts for toilet deodorizers; that was one of the things that you did, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Is that a toilet deodorizer salesman? Is that what you were?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That was the same time that you held the union position?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do you think that that helped local 777 membership?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You also control local 703 of the Teamsters?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You get a salary, and these other matters we have been discussing have been above and beyond that, but you get a salary from local 777 of some \$20,000; is that right?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you were able to get also a 1959 Cadillac convertible which was purchased by the union?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Can you tell us anything that you do for the union membership?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Can you tell us one benefit you have ever gotten for the union membership?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, there are other matters in connection with the awarding of the insurance, that we will be going into. I am sure that Mr. Glimco would like to give us some information. But I will not ask him about these questions until the testimony has been presented.

The CHAIRMAN. Mr. Glimco, you will remain under your present subpoena, subject to being recalled by the committee at such time as it may desire to have further testimony from you, or, rather, to interrogate you further. I doubt if we will get much testimony from you.

Do you acknowledge that recognizance?

Mr. GLIMCO. I do, sir.

The CHAIRMAN. All right, sir. In the meantime, the Chair is instructing the staff of the committee to draft proper documents to have you and Mr. Dominic Senese, who appeared yesterday, to have each of you cited for contempt of this committee. I am also instruct-

ing that this transcript be sent to the Justice Department for its immediate attention, looking towards the revocation of your citizenship. I do not believe any man who, on the face of it, at least, has a record like you, who has violated the trust reposed in him when this country granted him citizenship, should be permitted or privileged to enjoy that status any longer.

(The witness conferred with his counsel.)

The CHAIRMAN. You did not misunderstand me, did you?

Mr. GLIMCO. Sorry?

The CHAIRMAN. You did not misunderstand me, did you?

Mr. GLIMCO. I didn't.

The CHAIRMAN. Thank you.

You may stand aside.

Mr. KENNEDY. We will need him back probably Wednesday of next week.

Mr. ALLDER. If you will notify me, Mr. Kennedy, one day before, I will have him here.

The CHAIRMAN. All right. The committee stands in recess until 10:30 Tuesday morning.

(Whereupon, at 4:47 p.m., the committee recessed, to reconvene at 10:30 a.m., Tuesday, March 17, 1959.)

(Members of the select committee present at the taking of the recess: Senators McClellan and Mundt.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, MARCH 17, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 11 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Frank Church, Democrat, Idaho; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; Alphonse F. Calabrese, investigator; Martin S. Uhlmann, investigator; Jack S. Balaban, investigator; James F. Mundie, investigator; John D. Williams, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Mundt.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, we are going into a different situation, and a different matter now in connection with the Dearborn Insurance Agency and the Occidental Insurance Co., and the receipt by these companies of the insurance of various unions in the Chicago area, unions of the Teamsters as well as the Hotel and Restaurant Workers.

I would like to give some of the background of the Dearborn Insurance Agency, and to do this I would like to call a member of the staff, Mr. Calabrese.

The CHAIRMAN. Come around, Mr. Calabrese.

You have been previously sworn in this series of hearings; have you?

Mr. CALABRESE. I have.

The CHAIRMAN. All right, you may proceed.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. KENNEDY. Mr. Calabrese, you have made a study of the Dearborn Insurance Agency?

Mr. CALABRESE. Yes, and its predecessor corporation, Dearborn Insurance Agency, Inc.

Mr. KENNEDY. Can you give us a little bit of the background of that company, and for whom it worked, and by whom it was set up? I would like to get any names that you mention, and would you spell those that are important?

Mr. CALABRESE. The principal officer in this Dearborn Insurance Agency, Inc., was Harland Maris.

The CHAIRMAN. You mean the organizer?

Mr. CALABRESE. Yes.

The CHAIRMAN. What is his name?

Mr. CALABRESE. H-a-r-l-a-n-d M-a-r-i-s, a resident of Oakland, Calif., and who was an agent for a general agent Harry Wraith, W-r-a-i-t-h, in Oakland. The general agency was with the Occidental Life Insurance Co. of California, in Los Angeles.

Mr. KENNEDY. The Occidental is the one that handles the insurance of the Western Conference of Teamsters; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. All right. Proceed.

Mr. CALABRESE. Mr. Maris met Mr. Frank Keenan, K-e-e-n-a-n, in 1948 or 1949, at Pebble Beach, Calif., while playing golf. Mr. Keenan was an alderman in Chicago and the county assessor in Cook County, Chicago, Ill.

Senator MUNDT. What year was this?

Mr. CALABRESE. In 1948 or 1949, Senator.

Mr. KENNEDY. We have the documents to show how they met, and they mention that in some letters; is that right?

Mr. CALABRESE. Yes, and also through an interview with Mr. Maris himself, Mr. Kennedy.

Mr. Keenan interested Mr. Maris in coming to Chicago to try to obtain pension plans for unions in the Chicago area. Mr. Maris accepted and did go out, and for a year or so endeavored to get pension plans through various local unions, contacts from which he obtained from Keenan and certain others that I will discuss later.

But he was unsuccessful in his endeavor to obtain the pension plans. However, he was successful in obtaining health and welfare plans in 21 cases, and I will refer to them as 21 Chicago cases, most of which were local unions in the Chicago area. One of them was local 777, Joe Glimco's Taxicab Union.

As a result of this, or on the basis of this work they were to obtain, that they felt they were going to obtain in Chicago, Dearborn Insurance Agency was incorporated under the laws of Illinois on March 3, 1949, and the stockholders of record were H. Maris, president, 65 shares; John W. Murray, vice president, 26 shares.

Mr. KENNEDY. Who was he?

Mr. CALABRESE. He is a Chicago businessman, and real estate construction business, and he was necessary to the corporation because he was, or he had a resident broker's license, which was necessary under the Illinois law for Dearborn to obtain these policies, these 21 Chicago cases.

The third one was Mr. Frank Keenan, who held 26 shares.

The fourth one was Mr. Elmer Crane, listed as secretary, and Mr. Crane, C-r-a-n-e, held 26 shares, and Mr. Crane is a local attorney.

The fifth member was Mr. Allen Creitz, A-l-l-e-n C-r-e-i-t-z, who held 39 shares, making a total of 195 shares, and the par value was

\$10. Mr. Creitz was the group manager of the group department of Occidental Life Insurance Co. in Chicago.

Mr. KENNEDY. He was actually working for the company?

Mr. CALABRESE. He was actually working for Occidental Life Insurance Co.

Mr. KENNEDY. And he also became interested in this brokerage company, to handle the insurance?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. He was doing both things?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Was Occidental Life Insurance Co. aware that he also had an interest in this brokerage company?

Mr. CALABRESE. As far as we are able to ascertain, they stated no, they were not aware of it.

Mr. KENNEDY. There was no indication that they were aware of it?

Mr. CALABRESE. That is right.

Mr. KENNEDY. That was Mr. Creitz, who had the double interest?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Since that has been brought to the attention of the Occidental Insurance Co. within the last week or so, his services have been terminated with the Occidental Insurance Co.?

Mr. CALABRESE. I believe he was asked to resign, yes.

Now, this corporation was in existence until May 31, 1952, at which time it was dissolved and the Dearborn Insurance Agency, a partnership, was formed on June 1, 1952, and the partners were: H. R. Maris, and he had a 34 percent interest in the partnership and a salary of \$7,200 a year; Mr. Elmer Crane had a 22 percent interest, and his salary was \$3,000 a year; and Mr. Creitz had a 22 percent interest, and he had a salary of \$3,000 a year; and Mr. John Murray, 22 percent, and he had a salary of \$3,000 per annum. Mr. Creitz was in the partnership up until May 31, 1957, when for reasons of his own he felt that he had best sever his connection with the partnership.

The CHAIRMAN. What did this partnership do now?

Mr. CALABRESE. Well, the partnership actually took over the assets of Dearborn Insurance Agency, Inc., and they dissolved the corporation and they became partners.

The CHAIRMAN. In other words, the Dearborn Insurance Co., Inc., was dissolved and the assets or the interest in it was distributed among partners?

Mr. CALABRESE. Among the partners, yes.

And I might add, Mr. Keenan left the corporation in May of 1952. His shares were turned in and were purchased by Mr. Murray for \$5,000.

The CHAIRMAN. When was this partnership entered into and the corporation dissolved?

Mr. CALABRESE. The corporation was dissolved on May 31, 1952, and the partnership begins on June 1, 1952.

Mr. KENNEDY. There is some indication, which we will go into in greater detail, that there were some silent partners involved in this insurance company; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. In the brokerage agency, in the Dearborn Insurance Agency?

Mr. CALABRESE. Yes; that is correct.

Mr. KENNEDY. I would like to put in the figures. They were able to obtain the business of these 21 different groups; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. Mr. Chairman, I would like to place them in the record. We have a chart which we can introduce which breaks down the figures that were involved, and how much the Dearborn Insurance Agency received. I believe it would be best to put it in at this time.

Mr. CALABRESE. Yes; that is correct. I have a copy of it here.

The CHAIRMAN. Can that be placed in the record as an exhibit, or does it have to be printed in the record?

Mr. CALABRESE. We can place this in as an exhibit, Senator.

The CHAIRMAN. That will be made exhibit No. 20.

(Chart referred to was marked exhibit No. 20 for reference and will be found in the appendix on p. 18084.)

The CHAIRMAN. State what it does and what the chart is.

You hold a duplicate of the chart now being displayed on the board?

Mr. CALABRESE. That is correct, sir.

The CHAIRMAN. What does this chart reflect? What is it intended to convey?

Mr. CALABRESE. It reflects first the amount of moneys that the insurer, Occidental Life Insurance Co. of California, received as a result of these 21 Chicago cases from March 1950 to February 1959, according to the figures that Occidental made available to us.

The CHAIRMAN. That is from its clients, the total amount of money it received from its clients?

Mr. CALABRESE. Yes.

The CHAIRMAN. From the insurance company who it handled business for?

Mr. CALABRESE. In the form of premiums; yes, sir.

The CHAIRMAN. That is what I am talking about, from premiums?

Mr. CALABRESE. That is correct, sir. The figure is \$16,154,443.96.

Mr. KENNEDY. The next figure is the figure we are primarily concerned with?

Mr. CALABRESE. That is correct. The next figure is the commissions and other fees paid by Occidental from March 1950 to February 1959, which is in the amount of \$1,015,611.10. This \$1,015,611.10 is then broken down to show how it was distributed.

The CHAIRMAN. Do you mean who got the money?

Mr. CALABRESE. Yes.

The CHAIRMAN. The \$1,015,000 is profit or commissions paid for the services that the company rendered?

Mr. CALABRESE. It is commissions and other fees, Senator, such as administrative expenses.

The CHAIRMAN. I understand. But it is the total amount that the Dearborn company got?

Mr. CALABRESE. Not quite, Senator.

(At this point Senator Capehart entered the hearing room.)

Mr. KENNEDY. It is the total amount that the Dearborn Insurance Agency received, plus other groups received as brokerage groups?

Mr. CALABRESE. Right, which, for the most part Maris controlled.

Mr. KENNEDY. As it will be explained, Mr. Chairman, all of the brokerage fees did not go directly to the Dearborn Insurance Agency, for reasons that will be explained. Some of the money was channeled

directly to Mr. Maris, rather than the Dearborn Insurance Agency.

The CHAIRMAN. No doubt your explanation will clear it up as we go along.

Mr. CALABRESE. The circle represents \$1,015,000.

The CHAIRMAN. What circle?

Mr. KENNEDY. The circle on the chart.

Mr. CALABRESE. \$739,206.86 was paid to Dearborn Insurance Agency, Inc., and Dearborn Insurance Agency, by Occidental. The next breakdown is \$3,684.54 which was paid to the Marris-Scully Corp.

The CHAIRMAN. How much was that?

Mr. CALABRESE. \$3,684.54. At this point, I might explain that once the policies have been awarded on these 21 Chicago cases, Mr. Maris went to Occidental Life Insurance Co. personnel and advised that since he had expended large sums of money in Chicago endeavoring to obtain these 21 cases, that he felt that he should get a commission or override direct to him.

The CHAIRMAN. That is where the overcommission or overage commission comes in?

Mr. CALABRESE. Another commission.

The CHAIRMAN. Over and above and exclusive of that paid to the company?

Mr. CALABRESE. That is right, to Dearborn Insurance Agency.

The CHAIRMAN. It is an individual, a personal payment?

Mr. CALABRESE. Right. This was done in the form of a contract between Occidental Life Insurance Co. and the Maris-Scully Corp., which had been set up on January 15, 1949, and was incorporated under the laws of California. It was located in Oakland, Calif.

The stockholders were Maris, who had 85 shares, Clarence Scully, who had 10 shares, and who was also an agent working out of the Harry Wraith General Agency in Oakland, and Miss Aileen Tipton, who had five shares. Miss Tipton was Mr. Maris' secretary from 1946 until approximately 1956.

This corporation then was dissolved on January 31, 1951, and the assignment of the rights that the Maris-Scully Corp. had with Occidental was then assigned directly to Harland R. Maris. So Harland R. Maris, as an individual, then received \$5,192.74 from Occidental.

Then Mr. Maris formed the Wheeler-Maris Co., another California corporation located in Oakland, and this was incorporated on November 1, 1951. The stockholders were Mr. Maris, with 55 shares; his wife, Merle Maris, with 40 shares, and Miss Aileen Tipton who received 5 shares in approximately 1955 or 1956, making a total of 100 shares.

The assignment of the rights that Mr. Maris had individually insofar as Occidental was concerned, was assigned to the Wheeler-Maris Co. so that we find that as of December 31, 1951, when the rights were assigned, to December 1957, Wheeler-Maris received \$165,986.91 from Occidental Life Insurance Co.

Senator MUNDT. Were these rights in the form of a written contract with Occidental?

Mr. CALABRESE. That is correct, Senator, as I understand.

Senator MUNDT. You have read the contract?

Mr. CALABRESE. They were agreements that changed with each change in the policy. But we have that information from Mr. Dandy

of Occidental Life, who is here. We have the termination of the contract.

Senator MUNDT. What, in general, was the nature of the services that Mr. Maris or his companies provided for Occidental?

Mr. CALABRESE. They provided no services, sir.

Senator MUNDT. What did the contract provide? It had to have some basis for the making of payments by the Occidental Co.

Mr. CALABRESE. I can't tell you specifically. Maybe Mr. Dandy can tell you more specifically, Senator Mundt. But the underlying basis for making these payments, as I stated, is the fact that Mr. Maris, at the time that the payments were to be made on the basis of these 21 cases, went to Occidental and stated that for the expenses that he had expended and for all of his time he had used up in Chicago in endeavoring to get these 21 cases, he should be given a special commission.

Senator MUNDT. What I am trying to establish for the record is whether or not on occasion Occidental Life Insurance Co. simply gave a gratuity to Mr. Maris, or whether that was a business transaction, based on some contractual relationship.

Mr. CALABRESE. I can say this: that there was a contract.

Senator MUNDT. Do you recall what the contract provided as a quid pro quo? What did Maris have to do to get \$5,000? Was it on a commission basis? Was it on a period of time?

Mr. CALABRESE. He was to get a percentage of the commission. We have a breakdown of the commissions. That is where we get the figures.

Senator MUNDT. Mr. Maris was to get a percentage of the commissions that were paid to the Dearborn Co.?

Mr. CALABRESE. A percentage of the premiums paid to Occidental.

Senator MUNDT. On the business provided by the Dearborn Agency?

Mr. CALABRESE. That is correct; yes. On the 21 cases.

Senator MUNDT. He got sort of an overriding fee on any business that Occidental received from the Dearborn Agency. So the amount of his check rose and fell in accordance with the business provided Occidental by the Dearborn Agency?

Mr. CALABRESE. That is right. The total figures, from a quick calculation, under the two corporations and the individual setup, he received about \$175,000. That is over and above anything that was given to Dearborn Insurance Agency.

Mr. KENNEDY. Just to get the record clear, that was based on the fact that he was able to get these 21 cases initially. He stated that because of his services in obtaining these 21 cases, most of them union cases, that he should be paid an extra fee.

So he went out and arranged with Occidental that he would get a certain percentage of all the premiums that came from these 21 cases.

Senator MUNDT. Do you mean he received what lawyers would call a finder's fee and what insurance people would call a commission?

Mr. KENNEDY. A commission plus a commission. He received the commission through the ordinary arrangement in the Dearborn Insurance Agency, and unbeknownst to his partners, the Dearborn Insurance Agency got an overriding commission, because the partners thought this was the only commission being paid while, in fact, there was another commission being paid.

Senator MUNDT. Did you examine the books of Occidental to determine whether or not the commission received on this business by the

Dearborn Agency was a standard commission which was paid to underwriters of business of this type?

Mr. CALABRESE. I think that Mr. Uhlmann will be the one to answer your question on that, Senator Mundt. He has made a study of it.

Mr. KENNEDY. You can answer the question and then the details will be supplied by Mr. Uhlmann.

Mr. CALABRESE. Would you repeat it, Senator?

Senator MUNDT. I am trying to find out whether the Dearborn Agency received from the Occidental Co. the standard commission which would ordinarily be paid an underwriter for business of this type to determine whether this man Maris got his money as a result of the Dearborn Agency getting a smaller commission or whether they broke the commission up at the Occidental end and gave part of it to Dearborn and part of it to Maris?

Mr. CALABRESE. I will have to answer it this way, Senator. Mr. Dandy advises that the moneys that went to Mr. Maris and the companies I spoke of, those moneys came from what would have gone to Dearborn Insurance Agency, Inc. In other words, they received less.

Senator MUNDT. In other words, the Dearborn Agency received a smaller commission than the Occidental Life Insurance Co. would have paid to the Sunshine Insurance Agency of Dallas, Tex., providing the same business?

Mr. CALABRESE. Well, you are comparing it with another company and I cannot answer it that way, Senator.

Senator MUNDT. Well, life insurance agencies are a little different than jukebox concerns. They are under pretty careful scrutiny by public accountants and auditors. This is a pretty carefully controlled business because of the quasi-public nature of it, and the fact that the policyholders are dependent upon the integrity of the company.

They cannot promiscuously have a whole series of commission arrangements, whereby they pay one fellow 50 percent and the other fellow 10 percent, and things of that type. There are a lot of rules and regulations which apply.

What I am trying to find out is whether or not the Occidental Co. paid the Dearborn Agency the regular standard commission for this type of business and then paid Maris something on top of that or whether, in order to provide the money that Maris received, they chiseled down somewhat the commission that the Dearborn Agency received as against the normal commission for this type of business.

Mr. CALABRESE. Senator, we will have the witness who will testify that the commissions were greatly in excess.

Mr. KENNEDY. They were greatly excessive commissions that were paid to the Dearborn Insurance Agency and to Maris.

Senator MUNDT. That is what I am trying to find out.

Senator CAPEHART. What was wrong with this Occidental operation? Did the Occidental Co. do anything wrong?

Mr. CALABRESE. That is a question, Senator, that perhaps Mr. Dandy can explain better than myself, as to whether anything was wrong.

Senator CAPEHART. What are you trying to prove?

Mr. KENNEDY. We are just trying to put some figures in.

Senator CAPEHART. Please let me ask the question.

What are you trying to prove?

Mr. CALABRESE. We are trying to show the background of this whole operation, Senator, for one thing. In order to understand what we

will show later, you will have to know the background on these companies and entities that we speak of.

This situation was brought in. This point that we are bringing out is that this is a tacit agreement made by Occidental with Mr. Maris unbeknownst to the Dearborn Insurance Agency, Inc., and the Dearborn Insurance Agency, the partnership. That is the point we are trying to bring out there.

Senator CAPEHART. The point I am trying to make is, What did Occidental do that was wrong? Did they violate any law? Is there any reason why the Dearborn Agency should have known what they paid Maris?

Mr. CALABRESE. Well, it will reflect on the commissions, Senator. In other words, we will have a witness testify subsequently that the commissions were in excess to what the——

Senator CAPEHART. The commissions that who received?

Mr. CALABRESE. The commissions paid by Occidental to these entities that we speak of, Senator.

Senator CAPEHART. Was what?

Mr. CALABRESE. Was greatly in excess of the norm.

Senator CAPEHART. Greatly in excess of what?

Mr. CALABRESE. In excess of the standard commissions.

Senator CAPEHART. Well, so what? They did it, didn't they? Did they have a right to do it? My point is, Did they violate any law in doing it?

Mr. CALABRESE. Senator, there is a code of ethics that is set up. Again, that is for Mr. Dandy. It might be better to ask Mr. Dandy if there is anything incorrect. We are just trying to present the picture as we found it in trying to explain this operation, Senator.

Senator CAPEHART. Then the Occidental Insurance Co. insured the accounts of 21 companies or unions in Chicago?

Mr. CALABRESE. That is correct.

Senator CAPEHART. And the Dearborn Agency was the insurance agency that handled the accounts?

Mr. CALABRESE. That is correct.

Senator CAPEHART. And sold the insurance to these unions?

Mr. CALABRESE. That is correct.

Senator CAPEHART. Then, this Maris, he got a commission in addition to the Dearborn?

Mr. CALABRESE. That is correct.

Senator CAPEHART. And your point is that that was wrong?

Mr. CALABRESE. My point is merely to bring out the facts, Senator.

Senator CAPEHART. Did I state the facts correctly?

Mr. CALABRESE. You did state the facts correctly, Senator.

Senator CAPEHART. Now, it is up to somebody else besides you to prove whether it was wrong or right?

Mr. CALABRESE. Well, as I pointed out, we will have another witness that will testify that from a study of the commissions paid by Occidental to these entities, it was greatly in excess.

Senator CAPEHART. My next question is: Who—I gather there is objection to the questions I am asking.

The CHAIRMAN. There are no objections to the questions whatsoever. Proceed.

Senator CAPEHART. I am trying to find out. Where is the Occidental Insurance Co., a very, very fine, reputable California company. I was trying to find out what it was that they did that was wrong? They sell what we call group insurance, I presume, to these 21 unions in Chicago. That is health, accident, and I presume, life. I don't know.

Mr. CALABRESE. That is correct.

Senator CAPEHART. They paid the Dearborn agency in Chicago to handle the account they sold these other companies. Then this other company got a commission in addition to that.

Mr. CALABRESE. That is correct.

Senator CAPEHART. Do you know whether or not the employees of these unions that have paid the premium paid higher premiums as a result of this operation?

Mr. CALABRESE. The employees?

Senator CAPEHART. Yes.

Mr. CALABRESE. The employees paid nothing, Senator.

Senator CAPEHART. Who paid them?

Mr. CALABRESE. The employers.

Senator CAPEHART. The employers paid them?

Mr. CALABRESE. Yes.

Senator CAPEHART. Well, then, what has it all got to do with the union? What is it in here for in the first place? I mean, if the employers paid it and the union members had nothing to do with it, and paid nothing on it, what has it to do with what we are investigating here, labor investigation?

Mr. CALABRESE. Well, Senator, under the wage agreements that the various unions had, a provision was in which provided whereby the employers that have the contract with that local union would pay certain amounts of money.

Senator CAPEHART. They would pay the premiums on these insurance policies?

Mr. CALABRESE. That is right.

Senator CAPEHART. For their employees?

Mr. CALABRESE. For their employees who were members of that local union.

Senator CAPEHART. And their employees belonged to the Teamsters Union?

Mr. CALABRESE. They were not all Teamsters Union cases. There were some; yes.

Senator CAPEHART. What I am trying to find out is who violated any law or who got hurt, or what is the connection here?

Mr. CALABRESE. What we are trying to do, Senator, is lay the background to show you what happened in the way these cases were obtained. That is the reason for this background information.

Senator CAPEHART. In other words, that these gentlemen operating this Maris agency and the Dearborn agency were union officials?

Mr. CALABRESE. That is what we intend to show, Senator. Not union officials, but they had union connections.

Senator CAPEHART. But you just testified that the union member did not pay any of the premium, that the employer paid it all.

Mr. CALABRESE. That is correct.

Senator CAPEHART. Where does the union membership then enter into the picture at all, if he got full and complete coverage?

The CHAIRMAN. There may be a very serious question about whether he did or did not. We have been into these things before. Let me point out that we are putting this in as background information. There will be other witnesses come along and it will be necessary to have this information to understand the other testimony as it unfolds.

Senator CAPEHART. I see. All right.

The CHAIRMAN. I do not know whether it will show anything wrong. You do not have to necessarily show a crime to show something is improper. We have found many improprieties I think in the course of the hearings we have conducted which may not be crimes, but they may need legislation to correct them or to regulate them.

As you put on this testimony, you get some background information that simply helps you to understand the whole pattern of it after you have concluded with all of the testimony. This is information that we thought was a basis for the study of this particular transaction and how it operated.

Senator CAPEHART. My question is: Who are we trying to impress with this sort of information? The committee?

The CHAIRMAN. I am not trying to impress anybody. I am a member of this committee, and I am going to hear the testimony. I may be impressed and I may not be. As to making a decision as to whether it was right or wrong, an impropriety, that is primarily addressing itself to the committee members.

Are there any further questions?

Mr. KENNEDY. Yes, Mr. Chairman.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Calabrese, these insurance entities are set up based on a bargaining relationship between the union and the company; is that correct?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Instead of, for instance, having higher wages in a particular instance, it would be agreed that the company or corporation will pay so much for insurance; is that right? It is part of the bargaining agreement?

Mr. CALABRESE. It is.

Mr. KENNEDY. So instead of the employees getting paid maybe 25 cents more per hour, it might be agreed that the company will pay \$1.50 or \$2 per week into the insurance?

Mr. CALABRESE. That is right.

The CHAIRMAN. In other words, this is what you term a fringe benefit?

Mr. CALABRESE. That is right.

Mr. KENNEDY. Which comes directly into the bargaining relationships between unions and employers; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Now, would you continue as to this arrangement that was made and would you explain it?

Mr. CALABRESE. As I say, the Wheeler-Maris Corp. agreement with Occidental Life Insurance Co. was terminated in December of 1957 when the partners went on to Occidental and presented them with facts that they learned, that this tacit agreement had been going on, and Occidental agreed to terminate. Wheeler-Maris received no more money as of December 31, 1957.

Now, the next section shows that the Harry Wraith General Agency, Oakland, Calif., received \$100,112.38.

Mr. KENNEDY. Who was Harry Wraith?

Mr. CALABRESE. Harry Wraith was the general agent of Occidental Life Insurance Co. of California.

Mr. KENNEDY. That is not an unusual procedure, is it, Mr. Calabrese?

Mr. CALABRESE. The only unusual thing about it was that Mr. Wraith's agency had nothing to do with the processing of the claims or anything else. It was in Oakland, whereas the 21 Chicago cases are located at Chicago.

Senator MUNDT. Did you establish whether there was a general agent for Occidental in Illinois?

Mr. CALABRESE. Yes, in Chicago.

Senator MUNDT. Did he receive any commissions?

Mr. CALABRESE. No, he did not.

Senator MUNDT. It is a bit unusual that the general agent in California would get the money instead of the general agent who has jurisdiction over the area where the insurance policies are written, is it not?

Mr. CALABRESE. It was unusual, yes, and it was brought up in the early days, in 1950, about whether they should allow or not allow Mr. Wraith that override, and it was agreed that they should, because of the services that he had rendered Mr. Maris, especially financialwise, in endeavoring to obtain the Chicago cases.

Senator MUNDT. But they did go entirely around the general agent for the State of Illinois, and he received nothing?

Mr. CALABRESE. He received nothing, and the only thing that was received in Chicago by the Occidental representative was the percentage of first-year commissions by the branch manager of Occidental Life Insurance Co., which is different from the general agency.

Mr. KENNEDY. So he received some \$100,000, and was there any other payment out of it?

Mr. CALABRESE. The last figure was \$1,427.67, which was given as miscellaneous brokerage fees to a Chicago firm.

Mr. KENNEDY. Now, I would like to call Mr. Uhlmann, to make a comparison between what was received in connection with this case, and what would be received under the so-called code of ethics of insurance brokerage.

Mr. CALABRESE. I have here in front of me a copy of the termination agreement between Occidental Life Insurance Co. of California, and the Wheeler-Maris Co., and the termination agreement is effective the 31st day of October 1957, and which speaks for itself, that the agreement between Occidental and the Wheeler-Maris was terminated.

The CHAIRMAN. That may be made exhibit No. 21 for reference. I don't know whether it has any pertinency or not.

(Document referred to was marked "Exhibit No. 21" for reference and may be found in the files of the select committee.)

The CHAIRMAN. The document can be referred to.

Is there anything further?

Mr. KENNEDY. He will have to be recalled.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Uhlmann.

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. UHLMANN. I do.

TESTIMONY OF MARTIN S. UHLMANN

The CHAIRMAN. State your name, your place of residence, and your present employment, please.

Mr. UHLMANN. My name is Martin S. Uhlmann, and I live in Arlington, Va. I am a member of the staff of the Senate Select Committee on Improper Activities in the Labor Management Field.

Mr. KENNEDY. Mr. Uhlmann, have you made a study of this?

How long have you been working for the Government, Mr. Uhlmann?

Mr. UHLMANN. I am now in my 26th year.

Mr. KENNEDY. What Government agency were you with prior to coming with this committee?

Mr. UHLMANN. The General Services Administration.

Mr. KENNEDY. What was your position with them?

Mr. UHLMANN. I was in charge of the Audit Division, in relation to contracts that primarily were identified with the stockpiling of strategic and critical materials.

Mr. KENNEDY. What was your position with them?

Mr. UHLMANN. Director of the audit work in connection with contracts that were awarded in relation to the stockpiling of strategic and critical materials.

Mr. KENNEDY. How long have you been with this committee then?

Mr. UHLMANN. About a year and a half.

Mr. KENNEDY. And you are a certified public accountant?

Mr. UHLMANN. Yes, sir; I am.

Mr. KENNEDY. How long have you been a certified public accountant?

Mr. UHLMANN. Roughly 30 years.

Mr. KENNEDY. Mr. Uhlmann, have you made a study of the brokerage fees that have been paid in connection with the insurance for which the Occidental Insurance Co. is the carrier and the Dearborn Agency is the broker?

Mr. UHLMANN. Yes, sir; I have.

Mr. KENNEDY. Do we find that the brokerage fees that were paid to the Dearborn Insurance Agency, to Mr. Maris and certain other entities, were excessive?

Mr. UHLMANN. Yes, we found them to be excessive.

Mr. KENNEDY. Excessive in comparison with what standard?

Mr. UHLMANN. With the code of ethical practices that has been adopted and accepted by virtually all State insurance departments, and in any event it is identified as the code of ethical practices of the National Association of Insurance Commissioners.

Senator MUNDT. I think the pertinent point here would be, if you have made a study, whether the commissions paid for this family of companies and unions in Chicago, via Occidental, was a higher commission than Occidental was paying for similar types of business in other parts of the country.

Mr. UHLMANN. I do not have before me the commission scale that Occidental has been paying for similar business elsewhere.

Senator MUNDT. Would you try to obtain it, or did they refuse to give it to you, or was it not available, or perhaps did you not make an effort to get it?

Mr. UHLMANN. I am told that no effort was made to get it. I was not engaged in that phase of the investigation.

Senator MUNDT. I am trying to find out. If we have information on that it would be very relevant and very pertinent.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. I might say, Senator, that we went into Occidental Insurance Co. about March of 1957, particularly into the awarding and the receiving of insurance for the Western Conference of Teamsters, which was awarded by Mr. Dave Beck. We went into the fact that George Newell, who was the broker, received very high commissions, and that he then went into business with Mr. Frank Brewster, and then there was the payment to Mr. Frank Brewster for walking his horse. We went through all of that business. Then there was the fact that they went into a company in which Mr. Brewster made some \$40,000, how they went in as equal partners, and how Mr. George Newell lost some \$40,000, and the fact that there were excessive commissions paid in that particular case.

Rather than going through all of the cases that the Occidental Insurance Co. had, we made a comparison to the standard that was set up by insurance companies generally as to what commissions should be paid. We thought that was the best standard to use.

Would you relate, Mr. Uhlmann, what we have found regarding the commissions that should have been paid in a case such as this, according to these standards set up by the insurance companies themselves?

Mr. UHLMANN. Yes. I have before me the information related to the premium volume and the commissions that have been paid to the various insurance agents and brokers and those commissions have been related or compared with the amounts provided for by the code. They do show rather extensive and considerable excessive payments.

Mr. KENNEDY. Would you give us some examples, please?

Mr. UHLMANN. In the case of the larger policies that were handled with respect to this investigation, I have before me the figures related to local 710.

Mr. KENNEDY. Of the Teamsters?

Mr. UHLMANN. Yes, in Chicago.

Mr. KENNEDY. Of which Mr. Sandy O'Brien is the head?

Mr. UHLMANN. Yes, he is the head of it. As a matter of fact, his vice president was a member of the two-man negotiating committee that had initially awarded the Central States insurance to another company some years back, on which Occidental had competed. However, within a matter of 10 days or so, this very same person who was joined on this negotiating committee by Mr. Hoffa, withdrew from this Central States fund on the ground that the policy itself was unsatisfactory from the standpoint of local 710. Yet, he was one of two men who participated in the awarding of this with Mr. Hoffa.

In relation to local 710, we find that there has been paid commissions over the years of \$250,800, and under the code those commissions would have amounted to \$86,000, resulting in an excess in commissions paid of \$164,000 on local 710's insurance.

The CHAIRMAN. Percentagewise, what is the excess?

Mr. UHLMANN. I beg your pardon?

The CHAIRMAN. Percentagewise, what is the excessive amounts of payments? In other words, based on the regular standard or code, how much percentage did they pay over and above what would be regarded as proper by that?

Mr. UHLMANN. It is about 63 percent.

The CHAIRMAN. In other words, they paid about 163 percent for what should have been obtained for 100 percent?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Is that a mathematical calculation?

Mr. UHLMANN. Yes, and I am making it right now.

The CHAIRMAN. We can understand it in those terms possibly better than with words.

Mr. KENNEDY. They paid how much again in commissions?

Mr. UHLMANN. They paid \$250,000, and I am rounding the figures out. Under the code the commissions would have been \$86,000.

Mr. KENNEDY. About a third as much?

Mr. UHLMANN. That is right.

The CHAIRMAN. That is more than any 63 percent more.

Mr. UHLMANN. Another way of saying it, and it depends on how we use the figures, but it would be 200 percent more. That is another way of saying it.

The CHAIRMAN. That is what I am getting at. In other words, if the regular fee was \$86,000, and they paid \$250,000, then they are paying more than 200 percent over and above what it should be. That is over and above the regular commissions. It would be three times as much as they should be paying.

Mr. UHLMANN. That is right.

The CHAIRMAN. That is what I was trying to get at, and you said 63 percent.

Mr. UHLMANN. My ratio was a little off.

The CHAIRMAN. All right. What you are trying to say, in other words, is that they paid nearly twice as much as they should have paid?

Mr. UHLMANN. That is right.

The CHAIRMAN. Or three times as much as they should have paid?

Mr. UHLMANN. That is right; three times.

Senator CAPEHART. What percentage commission did they pay in relation to the premium?

Mr. UHLMANN. Well, it varied, Senator, as it does in the case of most policies. In the early years it, of course, was higher, and that is in accordance with the procedure.

Senator CAPEHART. What was the percentage? If the premium was \$100, let us say, what percentage did the Occidental Co. pay?

Mr. UHLMANN. They paid 10 percent.

Senator CAPEHART. What is the code-of-ethics percentage that they should have paid?

Mr. UHLMANN. For first-year commissions, it is a rather comprehensive formula that has to be pursued in establishing these things. It would be roughly one-third the figure.

Senator CAPEHART. I mean in relation to the 10 percent, and you say they paid 10 percent commission, or 10 percent of the premium

to the agents. Now, what was the code of ethics on that same insurance, and what would they pay?

Mr. UHLMANN. On that volume of premium, it would be a little over 3 percent.

Senator CAPEHART. A little over 3 percent?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. On that volume of premiums; on the first year's premiums?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. It would be a little over 3 percent?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. In other words, what companies paid 3 percent?

Mr. UHLMANN. I would like to say this, that it has been testified here by an expert witness on an earlier occasion recently in relation to another insurance matter that was before this committee, who incidentally was a participant in the development of this code to which we have just referred. He has testified that the code adopted by the National Association of Insurance Commissioners was the result of a study that had been made of a large number of companies over a period of 10 years, and that the code encompasses the rates that had been paid by these companies during that period of time.

Senator CAPEHART. Do you have the so-called code-of-ethics rates there that you could put in the record?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. They would already be in the record.

Mr. UHLMANN. It has already been inserted in the record at an earlier hearing.

Senator CAPEHART. Your testimony is that the Occidental Life Insurance Co. paid about three times as much commissions on this business as the code of ethics provided?

Mr. UHLMANN. Approximately.

Senator CAPEHART. Three times as much?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. Do you know any reason why they paid it?

Mr. UHLMANN. The reason why they paid it?

Senator CAPEHART. Yes.

Mr. UHLMANN. Well, there may be several reasons for it. It is a little difficult for me to read into the minds of the insurance people what they negotiated with the company. I find it impossible to determine what they had up their sleeves, shall we say, when they agreed to pay this commission.

Senator CAPEHART. Let me ask you, there was nothing illegal about it; was there?

Mr. UHLMANN. No, sir.

Senator CAPEHART. I want to get back to this again, that the employers or the employees paid the full premium.

Mr. UHLMANN. Yes, sir; it is standard, in the main, for the employer by way of a fringe benefit, to pay these premiums.

Senator CAPEHART. In this instance, did he pay it all?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. The common practice, or maybe not the common practice, for the employer to pay half and the employees to pay half on group insurance.

Mr. UHLMANN. Well, not in labor union work.

Senator CAPEHART. The employer pays it all?

Mr. UHLMANN. Yes, sir. It may not be illegal, Senator, but it, I believe, has already been established before this committee that the impact of excessive commissions, and especially when the excess is as great as it is in this case, and these other cases I have here before me, that it can only do one of two things: One, it results in a greater premium being charged, of necessity, by the underwriter—the insurance company—or the level of benefits to the rank and file union member and his family necessarily must be reduced.

Senator CAPEHART. Or it could mean that the insurance company made less profit?

Mr. UHLMANN. No, sir. Because in a discussion of the subject with an officer of the company, I was told only this morning, as a matter of fact, that all other commissions that were paid with reference to these policies we are now discussing were, in fact, charged to either the welfare fund or the union as the case may have been, who paid the premiums. When I say paid them, I mean through which they were paid.

As you pointed out earlier, it was the employer who footed the bill.

Senator CAPEHART. I have just one more question, Mr. Chairman, and I will be through.

There are two agencies here who received commissions on the same business, as I understand it.

Mr. UHLMANN. There was the Dearborn Insurance Agency Co. and the Wheeler-Maris Co., and then—the Dearborn Agency, of course, is controlled by this man Maris—and the third is this general agent named Wraith, who is in Oakland, Calif.

Senator CAPEHART. In other words, there were three different people who got an override on this business?

Mr. UHLMANN. Well, I would prefer to use the term "commissions."

Senator CAPEHART. Well, commission.

Mr. UHLMANN. Yes.

Senator CAPEHART. My question is: Is that not a usual thing in the insurance business?

Mr. UHLMANN. I would say it is rather extraordinary. As a matter of fact, within my own experience I have not encountered a situation where a general agency is located—well, in this particular case, geographically—as far as Chicago as opposed to Oakland, Calif.

Senator CAPEHART. My question was: Is it not generally speaking that you have an agency manager who gets a commission, then you have a district manager who gets a commission and then you have a salesman who gets a commission in selling insurance? Is that not about the rule?

Mr. ULMANN. No, sir, Senator; I do not think that is the general practice.

Senator CAPEHART. If I told you that I happen to have a relative in the insurance business, and he represents, I think, the second largest insurance company in the United States, and that is the way they pay, would you believe me then?

Mr. UHLMANN. Without a question. I dare say that the procedure that applied or, rather, the business ethics, shall we say, which are adopted by one company do not necessarily provide a foundation to be followed by other companies. I think there is no question about that.

Senator CAPEHART. Do we know the percentage of the commission that Dearborn got and the commission that the other gentleman received?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. Let us have that.

Mr. UHLMANN. Of course, our remarks here are confined to local
710.

Senator CAPEHART. Yes.

Mr. UHLMANN. The Dearborn people got 8 percent, Wheeler-Maris got 1 percent, and Wraith got 1 percent.

Senator CAPEHART. Who?

Mr. UHLMANN. Wraith, the general agent in California.

Senator CAPEHART. That made the total of 10 percent?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. They had 10 percent straight through when they wrote the premium originally and then each year thereafter, or did the commission go down?

Mr. UHLMANN. It went down after the first year.

Senator CAPEHART. Did they get 10 percent for 4 years?

Mr. UHLMANN. Well, as a matter of fact—yes, they got—let me say this: They got 10 percent in the first year, 8 percent in the second year, about 6 percent in the third year, and about 2½ in the fourth year, and on down. Then it dropped sharply.

Senator CAPEHART. It dropped sharply?

Mr. UHLMANN. Yes.

Senator CAPEHART. Your position is that that is more commissions than an ordinary insurance company pays?

Mr. UHLMANN. It is my position. I am testifying here only on the relationship between the commissions that have been paid by the Occidental Co. under this policy, as opposed to what it should have been under the code of ethical practices adopted by the National Association of Insurance Commissioners.

Senator CAPEHART. Are you saying that the code of ethical practices, then, is less than 10 percent down that you just related?

Mr. UHLMANN. Without a question. It has been pointed out earlier how much less it is. Yes.

Senator CAPEHART. On exactly the same type of insurance?

Mr. UHLMANN. Well, on group insurance; yes, sir. There is a broad category, of course, that we are discussing here. My answer to your question would be yes, without a doubt.

Senator CAPEHART. Without a doubt?

Mr. UHLMANN. Without a doubt. Of course, I am quoting entirely from the experts who had developed the code, and who had made a study of it over a period of some 4 years, as I understand it.

Senator CAPEHART. Did you check the records of any other insurance companies or just take the so-called code of ethics figures?

Mr. UHLMANN. I took the code of ethics figures, but have had considerable discussions with top officials in several State insurance departments, whose judgment I regard very highly. I have also discussed it with top officials in at least six insurance companies in several States.

Senator CAPEHART. And they told you they pay a lower rate?

Mr. UHLMANN. By and large, yes, sir; a lower rate has always been paid, and that in more recent years—of course, since the code was adopted in 1957, they have all inserted that in their contracts, so that the code——

Senator CAPEHART. Was this insurance written prior to the adoption of the code in 1957?

Mr. UHLMANN. Yes. It started, some of it, in 1950 and some in 1951.

Senator CAPEHART. Then the next question is: What relationship does this have to the code if the code was not adopted until 1957?

Mr. UHLMANN. Well, the point is this, such as I see it, that since a good number of companies had, in fact, been paying these rates over a period of 10 years, as these experts have stated repeatedly—and, incidentally, as the code itself makes it very clear in its own language—that against that background we find a situation here where the rates of commissions paid are above and beyond the rates provided for by this code. It may well be that in the early years there was a little bit of play.

I am not in a position to testify on that. I would prefer to avoid that. I would be getting into an area where I just don't belong. I think the reason is obvious, that it involves negotiations between a company and a broker.

Heaven knows there may have been any number of circumstances which made it possible for this agent to get this business with this company. I am sure you will agree to that.

The CHAIRMAN. Is there anything further?

Senator MUNDT. I would like to inquire whether you looked at the union contract that they had with the company, and whether the contract specifies that this insurance should be written either by the Dearborn Agency or by Occidental, or did it just provide for group coverage?

Mr. UHLMANN. I take it we are now discussing local 710.

Senator MUNDT. Well, we have 21 cases. You can take local 710 if you want to.

Mr. UHLMANN. I think there is a different set of circumstances there. As I stated earlier, the local 710 situation has a peculiarly, singularly interesting background in that one of the two men who was active and personally responsible in having this insurance awarded jointly with Mr. Hoffa for the Central States Conference, within a few days had a meeting of local 710 called, primarily for the purpose of throwing the company that had been selected to write the Central States insurance completely out the window in favor of Occidental.

Of course, that gives rise to a number of questions which I think are self-evident. To get back to your question—and I am sorry to delay the answer to it—so far as I am aware, the contract itself initially did not specify Occidental. Whatever motivating factors prevailed at the time for them to select that company is something I am not familiar with at all.

Senator MUNDT. Did any of these 21 contracts specify who was to be either the company or the agent?

Mr. UHLMANN. The wage bargaining contract?

Senator MUNDT. Well, I understood that this group insurance is provided for in a bargaining contract.

Mr. UHLMANN. The bargaining contract is between the employers and the labor unions.

Senator MUNDT. That is correct. And that is in writing?

Mr. UHLMANN. Yes.

Senator MUNDT. And that has been signed?

Mr. UHLMANN. Yes, sir.

Senator MUNDT. And it provided for group insurance?

Mr. UHLMANN. Yes, sir.

Senator MUNDT. My question is whether it provided that group insurance was to be written by the Occidental Company or by the Dearborn Agency, or whether it simply stipulated the kind of group insurance that was to be provided.

Mr. UHLMANN. I believe that Mr. Calabrese is better qualified to answer that question.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. CALABRESE. Senator, I can say with regard to local 777, we examined the contract and the wage agreement, and it merely provides for the payment of so much per person per month for health and welfare.

Senator MUNDT. Without naming anybody?

Mr. CALABRESE. No.

Senator MUNDT. That is for local 770?

Mr. CALABRESE. No. 777.

Senator MUNDT. And you talked about 710. How about the other 19? Was it the same thing?

Mr. CALABRESE. Senator, I would like to limit that. We examined two or three. We went into 2, actually, in detail, 2 of the 21 cases. I might give a little bit of background on this matter.

Our interest originally stemmed from the fact that we had information that these cases were obtained, and particularly local 777, through union officials, and that the union officials had interest in Dearborn Insurance Agency, Inc. That is why we got into this thing originally. That is how we got into the Dearborn Insurance Agency, Inc.

Senator MUNDT. I understand that. But they all involve unions. It seems to me if we are going to do an equitable job, we should look at all 19 contracts to see whether or not there was skulduggery in some and not others, whether it was prevalent throughout, whether the same commission was charged on the business that local 777 got as against the wine dealers and some of these other people who were also covered.

Mr. CALABRESE. Those figures were made available, Senator. Those figures, for instance, on commissions, on the various cases, were made available by Occidental Life Insurance Co. at our request. That is what Mr. Uhlmann is testifying from.

Senator MUNDT. The same commission was charged on each of these 21 policies?

TESTIMONY OF MARTIN S. UHLMANN—Resumed

Mr. UHLMANN. No, sir.

Senator MUNDT. Is this 10-percent commission that we have been talking about just applying to 2 of the 19 cases?

Mr. UHLMANN. I wish to say again that initially my testimony was confined to local 710.

Senator MUNDT. I got thrown off because you have 21 Chicago cases. I assumed that all 21 cases were included in this group of commissions in your circle. Is that correct?

Mr. UHLMANN. In that circle? Yes, sir.

Senator MUNDT. So that we have before us what happened in 21 cases. I assumed that when you said they paid a commission of 10 percent, that they paid that commission on all 21 cases.

Do I now understand that they paid the 10-percent commission on only 2 of the cases, and code of ethics commission on the other 19?

Mr. UHLMANN. Well, no; they did not pay—first, let me answer the last part of your point, if I may.

We found that at no stage had Occidental paid the code figures; that is, based on the figures that I have before me. This study that we have here, or the information I have before me, is confined to the larger groups, where the premium volume was rather extensive, and where the impact of any excessive commissions paid would have any material effect.

The very small policies, which are included in the group of 21 here on the chart, it would seem, would not have a material effect either way. So for that reason the analysis was concentrated only on the larger policies.

Senator MUNDT. Let me put the question to you this way: Of this total in the circle, which I believe is \$1,015,000, how much of that \$1,015,000 in commissions received by the Dearborn Co. was paid for coverage of local 777?

Mr. UHLMANN. You mean 710, I take it.

Senator MUNDT. Well, you jump around from 710 to 777. Let's get them both in and then we will have them. You mention 777 some of the time and 710 some of the time.

Mr. UHLMANN. If I mentioned that, I am sorry. I should correct the testimony.

Senator MUNDT. Have you not mentioned 777 at all this morning?

Mr. KENNEDY. That was in connection with Mr. Calabrese's testimony.

Mr. UHLMANN. I wasn't aware that I had mentioned 777.

Senator MUNDT. You did, Mr. Calabrese?

Mr. CALABRESE. Yes; I did.

Senator MUNDT. Let's get it from both of them.

Mr. UHLMANN. Shall I proceed with local 710?

Senator MUNDT. All right. And let Mr. Calabrese give it to us for local 777.

Mr. UHLMANN. Local 710 had several policies which, incidentally, made it more difficult to make this computation. But under one of the policies, the aggregate commission as I stated earlier, was \$250,000.

Senator MUNDT. I am just interested in the commission. You have \$1,015,000 in commissions to account for. How much of that commission was paid for insurance covering local 710?

Mr. UHLMANN. \$301,000 on all of the policies.

Senator MUNDT. Now, Mr. Calabrese, how much of it was paid for local 777?

Mr. CALABRESE. Mr. Uhlmann will have to give you that figure, Senator.

Mr. UHLMANN. I have that, sir.

Senator MUNDT. All right.

Mr. UHLMANN. On local 777, the aggregate commissions—again we have these various policies—I am sorry, Senator. You see, in making this analysis, of necessity I have to do so for each policy, and I did not come up with an aggregate, because the circumstances surrounding each policy differed in such a way so that an aggregate figure, a composite figure—

Senator MUNDT. Let me ask you this: Was 777 the biggest single union covered, or 710, whichever it was?

Mr. UHLMANN. From what standpoint—commissions? Membership?

Senator MUNDT. Commissions.

Mr. UHLMANN. Commissions? I would say 710, and 777 was the second largest. If you are interested in the third one, I can let you know.

Senator MUNDT. No. What I am interested in is to find out whether Occidental had a different rate of commission for every group policy it wrote.

You say most of it was covered by 710. But that is less than a third of the total. What I am trying to find out is whether or not they charged 10 percent commission in all 21 of these cases, or whether you just looked at one case and you did not look at the rest of them.

Mr. UHLMANN. We looked at all of them.

Senator MUNDT. How about putting in, then, all 21 cases with the rate of commission they charged on each? That would simplify it. Can you do that?

Mr. UHLMANN. Yes, sir.

Senator MUNDT. Read them right off.

Mr. UHLMANN. Well, the larger—as I pointed out earlier, the real significance of the excessive commissions is concentrated on these larger policies, and it is for that reason that the analysis was confined to those groups alone.

Senator MUNDT. I am not quarreling with you. I just want to find out what the commission is on each of the 21 cases. Read off the union, give us its name, give us the percentage of commission they charged. I thought from your earlier testimony they charged 10 percent straight across the board.

The CHAIRMAN. For clarification, let the Chair ask you: They charged different commissions on different policies or different size policies?

Mr. UHLMANN. The answer to the question is "Yes."

The CHAIRMAN. Then you would have to make an analysis of all of the contracts and submit what it was on each contract?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Is that correct?

Mr. UHLMANN. Yes.

The CHAIRMAN. Can you prepare such an analysis or statement of it and place it in the record?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Do you have such a statement now prepared?

Mr. UHLMANN. I do not on all of them; no, sir.

The CHAIRMAN. Senator, do you want some of them given now, just by way of illustration?

Senator MUNDT. That would be helpful, and let him put the rest of them in after lunch.

Mr. KENNEDY. Maybe I could explain, Senator, what we are trying to do.

The CHAIRMAN. Well, they want this information.

Mr. KENNEDY. That will be fine, we will get the information and furnish it. But if we haven't got it now, it is my fault. I wanted Mr. Uhlmann to prepare some samples of the commissions so that the committee would have an idea as to the particular cases we are going to be discussing, specifically local 710, local 777, and the Hotel and Restaurant Workers Union, the large policies, what the commissions were and the excessive commissions that were paid.

As far as the overall figure is concerned, we have that figure of the \$16 million, roughly, in premiums, and the commission of a little over \$1 million. That would indicate that the commission, instead of being less, as it should have been, around 3 percent, and getting less each year, that overall commission is about 6 $\frac{1}{4}$ percent, which is higher than the commission that should have been paid. We have broken down the main policies, with which we will have to deal in the next day or so; we have broken those down to show what it is in those specific cases.

Senator MUNDT. Here is the question as I see it. You cannot make a comparison unless you have some standard to compare with. That is what I am trying to get into the record at this point.

I asked you earlier whether you compared the commissions which Occidental paid in the Chicago area, with the commissions that Occidental paid in Dallas, Tex., or Toledo, or Detroit, or someplace else. You said you did not have that in the record. So we have no basis for comparison there.

Then I inquired whether you have a basis or could tell us some other insurance company, by name, with the same kind of policy, what commission or commissions they paid, and you do not have that. You do have the code. But the code is a rather nebulous thing.

You have a Franklin code when you deal with the printing business, you have an automobile dealers code when you have a repair job in the garage. But codes are seldom complied with right to the dot. So many types of insurance are written and commissions vary with different types of insurance.

We need some standards of comparison. Now I am trying to find a standard of comparison as to what the Occidental Co. paid in commissions to these 21 unions, as to whether or not they may have made a deal with some corrupt union official in one union—paid a bigger commission there—and for another union whether it was a legitimate piece of business on the face of it and they paid just the 3 or 4 percent commission.

We need some basis for making a comparison. Just to say 10 percent commission, unless we know positively it was the same kind of insurance, procured in the customary and usual manner, we have nothing with which we can compare it. It sounds very curious to say they paid 300 percent more than the code of ethics.

I am trying to find out whether they did that straight across the board in all 21 unions or whether they did it in some of these unions where these officers, perhaps, were friends of somebody in the Dear-

born agency, or, at worst, somebody in the Occidental Co. So I do think in all 21 cases which are involved in this package of \$1,015,000 in commissions, we should have, No. 1, the total commission paid, which is \$301,000 as far as local 710 is concerned, with a rate commission of 10 percent, and, No. 2, the rate that the Occidental Co. paid each of the other 20 unions, which you will probably not be able to figure out right there on the stand. Maybe by this afternoon, however, if the figures are available, you could give them.

You said in answer to the Chair's question you could give us two or three of them now, but give us an indication that they had a variable rate of commission; is that right?

Mr. UHLMANN. Yes.

Senator MUNDT. All right.

Mr. UHLMANN. Senator, I believe it is important to point out that to be specific in relation to these 21 cases, the terminology that you would use here, for example, with respect to commissions paid under any of the 21 groups could hardly be the same across the board for any number of reasons.

This is common practice throughout the insurance industry in relation to group insurance cases for labor unions, as well as other group cases. For example, in one set of circumstances the number of members is a barometer as to how much the commission will be, because, translated into premium volume dollars, the number of members, of course, will have an influence on how much any insurance company will negotiate with an agent or with a welfare fund as to how much commission will be allowed in that set of circumstances.

So, therefore, if we find a situation that prevailed, let us say, in 710 at the time its insurance was given to Occidental as opposed to some of these very small groups—and a large number of them are relatively small—as to what those groups amounted to at the time that their insurance was turned over to Occidental, there alone we have one of about, I daresay, 25 or more varieties or circumstances that have a very important bearing as to what the commission rate would be.

So to say categorically for example, if I should come up with a table that would show in the aggregate what the commissions were in relation to total premiums over a period of years, I am afraid it would be rather distorting, if not misleading.

Senator MUNDT. I cannot exactly follow why we should not have in the record the rate of commission paid in each of these contracts.

Mr. UHLMANN. By years? We must do it by years because they fluctuate.

Senator MUNDT. You always get a bigger commission the first year, although you have a curious figure in there that I will ask you to explain later, why the second year they should pay 11 percent. I cannot understand that. You said the first year was 10, the second year was 11, and then it dropped to 8. That is a very curious type of arrangement, I must say. But we will pass that one for the time being and try to get back to these 21 cases with the rate of commission.

What we are trying to find out is whether or not there is something wrong with this 10 percent, something smelly, which on the face of it looks to be true.

Some kind of insurance is difficult to procure, some kind of insurance represents a bigger jeopardy to the insurance company, to the underwriter. The rates they charge for the premium are higher.

I suppose there would be more hazard in driving a truck than there would be in the baby sitters union.

So all of those factors would be involved.

It should not be just to say 10 percent, 3 percent, 5 percent, without comparing it to anything except a code of ethics which was not in operation at the time, and which, I am sure, is not complied with 100 percent by different companies. Some companies make a habit of paying bigger commissions. I do not quarrel with that if it does not jeopardize your financial structure. If they make a habit of paying higher commissions to certain favored clients, and to certain favored unions, or in certain favored areas geographically, then that is a horse of a different paint job again. What we are trying to do is get a comparison someplace.

The CHAIRMAN. Let the Chair make a suggestion. Let us take 710 and go through it. Let us take one and make a thorough demonstration of it, from beginning to end, and then let us see how many more we want and how long it will take to get them.

But take 710 and start with it.

How many contracts did it have? What was the initial commission paid on each contract, and how did it taper off? It seems to me if they have a number of contracts it will take quite a bit of calculation to get this whole chart into the record for 21 companies.

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. I can appreciate that. Let us take one, let us take 710, which seems to be the largest in the amount of premiums paid. Is that correct?

Mr. UHLMANN. Yes.

The CHAIRMAN. Take it and analyze it from beginning to end and let us see what that presents as a picture for that one union. Then we can come along with some of the other accounts to the extent of fully satisfying us if we have a record here from which we can make proper and informative comparisons, even if it takes all of them. It may or may not. But let us start with 710 and give us a breakdown on it.

Senator MUNDT. If we are going to follow that program—and I certainly do not object to it—so that it may have some meaning and significance, however, I suggested that as you come through with these rates of commissions and figures that you make a comparison with some firm standard at the time so that it can mean something. Just to say 10 percent or 20 percent, unless you can compare what Metropolitan Life or Prudential Life or somebody else would charge, does not mean anything.

The CHAIRMAN. The Chair may say what I was trying to do was to get one before us so that from that we can ascertain what else we may want and need to get a record here that will be informative and give us the accurate information upon which we can base judgment as to whether the procedure or the policies or the actual activities were right or wrong and whether they should be corrected.

I thought we would take one, the largest one, and go completely through with it, and then we can ascertain what we need about the others to give us a comparison.

Mr. KENNEDY. I used a figure of $6\frac{1}{4}$ percent. In view of your explanation, that figure would really have no significance, the overall figure, until you broke it down into the various entities.

The overall figure would have no real significance?

Mr. UHLMANN. No, Mr. Kennedy, it would not.

Mr. KENNEDY. Also, this was commissions plus certain other service fees. I wanted to get that straightened out.

The standard on which you have based this, of course, is this code of ethics; is that right?

Mr. UHLMANN. Yes.

Mr. KENNEDY. That was written after a study of commissions that were paid by the major insurance companies in the United States over a period of 10 years?

Mr. UHLMANN. It was so testified before this committee in late January of this year.

Mr. KENNEDY. And it is the accepted standard now by insurance companies; is it not?

Mr. UHLMANN. Yes.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. And the standards on which it was written and based are standards that have been accepted by the insurance companies; is that right?

Mr. UHLMANN. Yes. First, because most of the State commissioners, as I understand it, adopted the code; and following that, most of the more responsible companies adopted it.

Mr. KENNEDY. This is the procedure that they had been following for a period of some 10 years prior to that?

Mr. UHLMANN. In some States, yes. In some States.

Mr. KENNEDY. But the booklet itself says this is the procedure that has been followed by most of the major insurance companies?

Mr. UHLMANN. By companies? Yes, sir.

Mr. KENNEDY. Just go through it with local 710.

Mr. UHLMANN. Are you interested in the premium volume or the commissions alone?

(At this point Senator McClellan returned to the hearing room.)

Senator MUNDT. I don't think the premium volume is particularly important, unless counsel wishes it. I think just the rates of commission, primarily, and the amount.

Mr. UHLMANN. I have before me a summary which was furnished by the Occidental Life people. It is identified as policy 2773. The policyholder is the board of trustees of highway drivers and dockmen's health and welfare fund, local 710, with headquarters in Chicago.

In the first year of this policy, which ran from December 1, 1951, through November 30, 1952, the commission scale was 10 percent for the entire year; and then they added $1\frac{1}{2}$ percent, which the Dearborn Insurance Agency received, during the period of January 15, 1952, or a month or so after the policy had been issued, and through the end of that policy year, which was November 30, 1952, an additional $1\frac{1}{2}$ percent.

Senator MUNDT. Did you get from the Occidental people any reason why their increased in the second year to $11\frac{1}{2}$ percent as against 10

percent? That is a very unusual procedure in the insurance business. Usually the first year is the highest year.

Mr. UHLMANN. Well, as I understand it, the difference is comprised of a so-called special administration service fee. Of course, these terms are not uniform among these companies, and that which is described, for example, as a service fee in one company, is called an administration fee in another, and vice versa.

Senator MUNDT. In other words, this 1½ percent was not actually a commission. This was, as I understand it now, a delegation of some of the administrative functions from the California home office of Occidental to the Chicago agency of Occidental, to wit, Dearborn, which was supposed to do certain supervisory and administrative chores which might otherwise be done by the home office. For that they received a 1½ percent overriding fee rather than a commission; is that correct?

Mr. UHLMANN. Well, that explanation was made. However——

Senator MUNDT. I want their explanation, not mine. But that is what I thought you were trying to tell me.

Mr. UHLMANN. That is their explanation. We did not independently confirm it. But we do not have reason to question it.

Senator MUNDT. I just never heard of a policy that pays a bigger commission the second year. The type of thing that you say which has been done before, that is, to delegate certain home office duties to somebody in the field, and to pay them a compensatory fee, that would not be called a commission.

Mr. UHLMANN. Yes, I see that now. To that extent I should like to correct my earlier testimony. It is attributable to this so-called special administration fee. I say so called only because they also have an administration fee, which is not prefixed by the tag "special."

To be sure, we are guided entirely by the company's explanation as to what the term means.

Senator MUNDT. Let me ask you a collateral question. In your thoroughgoing examination of the Occidental records, did this 1½ percent administrative fee continue the third year and the fourth year and the fifth year, or is there something in the records to show that they did that just for 1 year and it did not work out very well?

Mr. UHLMANN. No, sir. As a matter of fact, the amount of money involved is small in relation to this total picture, that is, the special fee.

The special administration fee, according to the chart I have before me, as I stated before, one payment was made for the period January 15, 1952, through November 1952, and another one was made for the period December 1, 1952, through May 31, 1953.

Senator MUNDT. Then what happened?

Mr. UHLMANN. Following the, shall we say, off-to-one-side arrangement of the special administration fee, they come up with this administration fee, as it is called, commencing June 1, 1953. The term "special" is dropped. From thereon down, from June 1, 1953, through November 30, 1956—I beg your pardon. I must correct this. It is a rather confusing statement.

What appears to be concurrent with the payment of the special administration fee is the administrative fee which started December 1, 1952, so that we have an overlapping of payments. That is to say——

Senator MUNDT. Give it to us in percentages. We have an administrative fee or a special administrative fee, whichever it is, of $1\frac{1}{2}$ percent riding with us now, and you say for part of this time there is another administrative fee. What percentage is that?

Mr. UHLMANN. Two percent, which later was increased to $3\frac{1}{2}$ percent.

Senator MUNDT. It was $3\frac{1}{2}$ percent all the time, but the terminology was changed, because you had $1\frac{1}{2}$ percent plus 2 percent, and that is $3\frac{1}{2}$ percent.

Mr. UHLMANN. Yes, through November 1954 and then it was changed again. You see, for that reason, aggregate figures, as I stated earlier, I think, can prove misleading.

Senator MUNDT. Is this in your 10 percent or are we now up to $13\frac{1}{2}$ percent?

Mr. UHLMANN. No. The administration fee is not included as a commission figure for purposes of establishing the excess that was mentioned earlier.

Senator MUNDT. Very good. So they are getting 10 percent commission plus a $3\frac{1}{2}$ percent supervisory charge, sometimes called special administrative fee, sometimes called administrative fee, but according to Occidental's explanation, a delegation of supervisory work to the Chicago office out of the Occidental office in California, and for this they paid them a supervisory fee of $3\frac{1}{2}$ percent?

Mr. UHLMANN. Yes. But I should like to say that the administration fee was discontinued at December 31, 1955.

Senator MUNDT. So that that ran for the first 5 years of the policy, about?

Mr. UHLMANN. Approximately; yes, sir.

Senator MUNDT. Is there anything in the records of Occidental to show why that supervisory fee was discontinued? Did they establish a direct branch of the home office in Illinois to look after that? Did they send a fieldman out? Did they handle it by telephone and correspondence out of the home office? What do the records of the insurance company show?

Mr. UHLMANN. Well, we understand that the administration fee in the first place is paid largely for the purpose of processing claims, and that when this agency, the Dearborn Insurance Agency, when this arrangement was discontinued at the end of 1955, where they seemingly—but we have no evidence, of course, that they ever had processed claims. But in any case the record shows that beginning in January 1956 they at least no longer received the administration fee, since the company itself had taken over the responsibility and the function, I should say.

Senator MUNDT. That is what I asked you. What is there in the records of the insurance company? You cannot run an insurance company like some of these labor leaders run a union and say, "We do it out of pocket, out of cash." They have to have records, a board of directors, they have to have meetings. You can't run an insurance company in this country, I hope, without any records. So in looking at the records, what do they show transpired with the eliminated $3\frac{1}{2}$ percent supervisory fee?

Mr. UHLMANN. Let me again qualify my testimony of a moment ago. At the end of December 1955, or beginning in January of 1956—

Senator MUNDT. Which was at the point that they dropped the 3½ percent?

Mr. UHLMANN. Well, it was reduced to 1 percent on December 1, 1954; increased to 1.7 percent on May 1, 1955. Then on December 31, 1955, it was discontinued.

Now, beginning in January 1956, and this is the point which I should like—

Senator MUNDT. Is there anything which you found in the records, in the correspondence records, going through the files or wherever you found it, which shows why that was dropped?

Mr. UHLMANN. Yes, sir. I stated earlier—and this is the correction I wished to make—that it was the company that had taken over this function when, as a matter of fact, it was the local itself that had taken over that function of writing claims and not the company.

So you see, beginning with January 1, 1956, local 710 health and welfare fund processed its own claims for its members and families and dependents.

The CHAIRMAN. Is there anything further?

Senator CAPEHART. There is nothing unusual about the company processing its own claims, is there?

Mr. UHLMANN. No.

Senator CAPEHART. Most companies do process their own claims?

Mr. UHLMANN. Well, I am not in a position to say whether it is most of them, but, shall we say, a large number of them do.

The CHAIRMAN. The committee will stand in recess until 2 o'clock.

(Members of the select committee present at the taking of the recess were Senators McClellan, Mundt, and Capehart.)

(Whereupon, at 12:30 p.m., the committee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2 p.m. in the caucus room of the Senate Office Building, Senator John L. McClellan, chairman of the select committee, presiding.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, we want to go into a little bit more detail on some of these situations.

The CHAIRMAN. All right. Proceed.

TESTIMONY OF ALPHONSE F. CALABRESE AND MARTIN S. UHLMANN—Resumed

Mr. KENNEDY. Now, Mr. Uhlmann, you have given us the figures on local 710 and now I would like to go into one of the other locals. Do you have local 777 there also?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. Would you give us what the figures show on that, the overall figures?

Mr. UHLMANN. On local 777 the total commissions paid under two of their principal policies was \$140,000. We have calculated that on the basis of the National Association of Insurance Commissioners Code, those commissions should have been \$42,000, or an excess of about \$97,000.

Mr. KENNEDY. That is about the same rate as the previous one?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. No; that is less?

Mr. UHLMANN. It is slightly less.

Mr. KENNEDY. This is 2 to 1 and the other was 3 to 1?

Mr. UHLMANN. That is right.

Mr. KENNEDY. Do you have any others?

Mr. UHLMANN. I have the downtown hotels, which is another large one.

Mr. KENNEDY. That is for the Hotel and Restaurant Workers Union?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. What is the number of that local? Do you have it there?

Mr. CALABRESE. This is "Trustees of the Chicago Downtown Hotels," and it is No. 2113, policy number.

Mr. KENNEDY. What number is the union?

Mr. CALABRESE. That is 593, Hotel and Restaurant Workers. That is Mr. Blakely, and he is also international vice president of the union; that is correct.

Mr. KENNEDY. What does that show?

Mr. UHLMANN. In this case, we find that the total commissions paid were \$213,000. Under the NAIC Code, the commissions would have been \$58,000, or an excess of \$155,000.

The CHAIRMAN. That is about 3½ to 1, is it?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Those are the three biggest cases, are they?

Mr. UHLMANN. Yes, they are. I have before me probably the fourth largest. That is local 703. The total commissions paid were \$73,000, and the commissions as computed under the code would have been \$28,000, or an excess of \$45,000.

Mr. KENNEDY. Are there any others that you have worked out?

Mr. UHLMANN. Well, this morning after testifying on local 710, I discovered that the figures I had recited were confined to only one policy, which is by far their largest, but now I have two other policies. One of them is identified as 1920, and the other as 1966.

Under policy 1920, we find the commissions paid were \$30,000, and under the code those commissions would have been a little under \$11,000, or a difference of approximately \$19,000, which we regard as excess under the code.

Under policy 1966, the total commissions were \$21,000, and under the code they would have been \$9,000, showing an excess of \$12,000.

Now these figures added to those recited earlier this morning on an aggregate basis show that the total commissions for 710 amounted to \$302,000, whereas under the code the commissions should have been \$106,000, or an excess of \$196,000.

Senator CAPEHART. May I ask a question there. What was the year these commissions were paid, that you are talking about?

Mr. UHLMANN. In the main, from 1950 through December of 1958.

Senator CAPEHART. When was the so-called code adopted?

Mr. UHLMANN. It was adopted in 1957.

Senator CAPEHART. Are you sure that there is a code of ethics on group insurance, and it doesn't only apply to life insurance policies?

Mr. UHLMANN. The code to which I refer, and have been referring to in this testimony applies to group insurance policies.

(At this point Senator Church entered the hearing room.)

Senator CAPEHART. You are certain of that?

Mr. UHLMANN. I am certain of that.

Senator CAPEHART. That there is a code on group insurance policies?

Mr. UHLMANN. Yes.

Senator CAPEHART. How can you compare this that you have just compared with the code of ethics, when these policies were back in 1951, you say, or 1953, and the code of ethics was not adopted until 1957?

Mr. UHLMANN. As I stated earlier this morning, and as has been testified here by an expert who personally participated in the drafting and developing of the code, the promulgation of the code itself was the result of a study of commissions that in fact had been paid over a period of approximately 10 years by a number of insurance carriers, who were underwriting group insurance policies.

(At this point Senator Mundt entered the hearing room.)

The CHAIRMAN. As I understand this code was not adopted until 1957; is that right?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. It was based on a 10-year study of what the leading reputable insurance companies charged; is that correct?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. That is as I recall the testimony, and while they didn't have the code, as compared to what was regarded as a fair charge by the others this would be about the ratio of excess charges; am I correct about that? As I remember, that is the way the code was established.

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. How was it adopted? We speak of the code, and I don't recall now, but a group of insurance executives or insurance commissioners of the several States agreed on it, what we call the code?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. I am trying to recall, and I know it is in the record already.

Mr. UHLMANN. If I may, I should like to quote a brief sentence here from the testimony.

The CHAIRMAN. All right, quote it or state the substance.

Mr. UHLMANN. The substance of it was that a study had been made over a period of years on a basis of commissions, or range of commissions that had been paid over a period of 10 years preceding its promulgation. The code itself was, as I recall, developed in 1956, and

finally adopted by the State Insurance Commissioners in 1957. In the procedural arrangements that were made by way of having wide acceptance of it the insurance commissioners and insurance companies who were interested in developing a uniform code called in some of the outstanding insurance commissioners in the country and some of the outstanding officials of various underwriting companies to participate in the development of that code.

Senator CAPEHART. This company knew nothing about any code of ethics rates prior to 1957.

Mr. UHLMANN. Which company is that?

Senator CAPEHART. The Occidental.

Mr. UHLMANN. I am not prepared to answer that.

The CHAIRMAN. They couldn't know something about something that didn't exist.

Senator CAPEHART. There was no code prior to 1957.

Mr. UHLMANN. Not as such.

Senator CAPEHART. And yet the insurance was written and paid for prior to 1957.

Mr. UHLMANN. Yes.

Senator CAPEHART. How can you criticize these people, when others may have been paying the same high rates they did?

Mr. UHLMANN. Senator, if I haven't made the point earlier, I wish to point out that my purpose here is not to criticize the company, but rather to present the facts as they emerge from this investigation.

The CHAIRMAN. Are there any further questions?

Senator MUNDT. Let me see if I understand this code business now. As I understand it, a code was adopted recommending 3 percent for group life policies.

Mr. UHLMANN. I beg your pardon?

Senator MUNDT. A code was adopted recommending 3 percent commissions on group policies, based on the preceding 10 years of experience the companies had had.

Mr. UHLMANN. No, sir. The code encompasses a wide range of commissions based upon the premium volume. The range, for example, extends from zero to \$1,000, let us say. It is from there on up to various breaking points.

For example, for the first \$1,000, and then \$2,000, and then it skips to \$5,000, and I don't wish to get you involved in that, but it gets away on up to premiums on policies which on an annual basis exceed \$5 million. As the volume of premiums increases, within a year, or under a particular policy within a year, then the range of minimum and maximum rates of commissions that are considered to be reasonable are drastically reduced as the volume increases.

For example, if I may add this, Senator, it starts with a high of about 15 percent on the first \$1,000 or thereabouts, and it gets down to a low of one-fourth of 1 percent on premiums in excess of roughly \$1 million.

Senator MUNDT. At what level does it become the 3 percent which is involved here?

Mr. UHLMANN. I have that, Senator. The 3 percent comes into play on premiums up to \$50,000.

Senator MUNDT. You must mean beyond \$50,000.

Mr. UHLMANN. Beyond \$50,000 it is 2.75 percent, on up to and including \$250,000 volume of premiums. That is the range.

Senator MUNDT. All right. And we have here an annual premium involving how much?

Mr. UHLMANN. Well, we have to do this on an annual basis, to be sure.

Senator MUNDT. Yes.

Mr. UHLMANN. Which policy are you interested in, Senator?

Senator MUNDT. I thought we were talking about union 710.

Mr. UHLMANN. All right. They have had a number of policies. Here is the largest of the group. I have before me policy No. 2773. It is identified as the board of trustees of highway drivers and dockmen's health and welfare fund, of local 710. This particular policy was written on December 1, 1951, and in the first year the premium volume was \$678,000. The commissions aggregated 10 percent.

Senator MUNDT. Straight across the board?

Mr. UHLMANN. Yes, across the board.

Senator MUNDT. And Occidental followed the practice of charging a 10-percent straight across-the-board commission instead of running it down as the volume increases, as recommended by this code?

Mr. UHLMANN. They did for this first year, yes. That is on this policy. It was straight across the board, and there was no gradation.

Senator MUNDT. They did it for the second year, also, because this morning you discussed that.

Mr. UHLMANN. In the second year, it was exactly 10 percent, and, as qualified earlier this morning, in addition there was a 1½-percent fee which was described as special administration fee.

I might add I included it as a commission only because it was included in the commission column on their schedule.

Senator MUNDT. In your study of the books of the Occidental, did you come across any record of a commission schedule that they have? Do they have such a document in their files?

Mr. UHLMANN. Perhaps Mr. Calabrese could answer this question.

Mr. CALABRESE. We did not go into the Occidental's books. We requested this information from them and when I was out there I was not qualified to go into the deeper aspects of these commissions, and so forth. So, therefore, we requested them to produce the figures on the policies.

Senator MUNDT. Did you ask them at the time, when you were inquiring for data, if you didn't look at the books yourself, as to whether or not this was a nationwide policy that they maintained of paying a 10-percent commission as against the 3-percent commission on a recommended basis?

Mr. CALABRESE. We did not go into that, Senator.

Senator MUNDT. We will have someone from Occidental here?

Mr. CALABRESE. We have Mr. Dandy, the vice president, here.

Senator CAPEHART. Could I ask a question there? You said you were here just to give the facts, and I am sure that is true. Now isn't the fact likewise that these people prior to 1957 knew nothing about the code, and, therefore, it is not a good comparison to take

the commissions that they were paying from 1951 to 1957 and compare it with the code that was put into effect after 1957? Isn't the only fair thing to this company to do, to get the rates that comparable companies were likewise charging for comparable insurance from 1951 to 1957? Wouldn't that be the factual way to do it?

Mr. UHLMANN. I would say "Yes."

Mr. KENNEDY. That is what we have done, Mr. Uhlmann. Isn't it from that report?

Mr. UHLMANN. Yes.

The CHAIRMAN. The thing is that the code was based upon that.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. It is a far more extensive study than we could make.

Senator CAPEHART. Let us get back to the facts. The facts are you have taken the code adopted in 1957 and you figured the commissions as they would have been on the amount of premium paid in, on the code adopted in 1957, whereas these people, of course, knew nothing about a code prior to 1957.

The only fair way to do it, and the only factual way would be to compare what they charged in commissions, paid in commissions, to what comparable companies charged for comparable insurance. Isn't that a fact?

Mr. UHLMANN. Senator, I certainly, and I am sure you will agree, am not in a position to establish whether the Occidental people were aware of this code.

Senator CAPEHART. The code didn't take effect until 1957 and they couldn't have been aware of it in 1951 and 1952 and 1953 and 1954 and 1956?

Mr. UHLMANN. There were some rumblings going on in the industry for several years that there was going to be something done about it, but I don't think that that is a matter for discussion on my part. It does seem to me, however, that the facts we have indicated here in relation to the commissions that were actually paid over a period of time, starting in 1950 and 1951 and 1952, are seemingly greatly in excess of the code and the rates paid by the companies.

Senator CAPEHART. The point I am making is that there is no question but what your figures are correct, based upon the code. I do not know what the code is, but you do. There is no question but what—take this amount. You say they paid \$140,000. You say the code would have been \$42,000.

My point is that this policy was back in 1951 and the code was not adopted until 1957. Let me ask you this: Did you ascertain whether or not today, 1959, they are charging commissions based upon the code?

Mr. UHLMANN. I did not do that, but I do have before me on that very policy I referred to earlier, the commissions that they have paid during the year 1957.

Senator CAPEHART. I am talking about 1958 or 1959.

Mr. UHLMANN. Sir?

Senator CAPEHART. I mean after the code took effect.

Mr. UHLMANN. I do not have that information. You see, Senator—

Senator CAPEHART. Would that not be a good fact, too?

Mr. UHLMANN. It may be, but it occurs to me that the purpose in testifying here is to present information to the committee for its evaluation with a view to, well, determining whether in fact this company or any other company, for that matter, has performed an act which is contrary to what the objectives of this committee are.

Senator CAPEHART. I think in order to be fair, and I hope we can get the facts, what we ought to do here is to compare the commissions which this company paid to other companies selling comparable insurance, during the period in which there was no code of ethics.

That is really what I would like to see. Then I would like to know whether or not this company has been complying with the code of ethics in respect to commissions since it was adopted.

Mr. UHLMANN. But, Senator, would you not—well, let me say it this way: It seems to us that our guide for purposes of this study was to use a set of procedures and figures which have been developed and accepted universally in 48 States by responsible people among whom are insurance commissioners.

We felt justified in going to that source in determining whether or not it would provide a proper basis for comparison.

Senator CAPEHART. I have no quarrel with that, except that there was no company complying with the code of ethics prior to 1957, because there was no code of ethics.

Mr. UHLMANN. I think I stated earlier that there were any number of companies that did that, and that that was the very reason that the code was established on a universal basis.

Senator CAPEHART. Did what?

Mr. UHLMANN. There were any number of companies that were, in fact, paying the commissions provided for by the code. That is the very reason that it was established that way. The rates contained in that code were rates that were promulgated on the basis of this very extensive study.

Of course, the figures came from the source data of these other companies who, in fact, managed to survive pretty well by paying those rates, those commission rates.

Senator CAPEHART. Why do you not get the committee the rates paid by other comparable companies to this one on comparable insurance policies during the period from 1951 to 1957? Would that not be very factual and would that not really tell the story?

Mr. KENNEDY. That is what this report is, Senator.

Senator CAPEHART. It is not. I disagree with you very much.

Mr. KENNEDY. Doesn't the report say it is a study based on what insurance companies are paying for this kind of insurance as far as commissions are concerned over a 10-year period?

Mr. UHLMANN. Precisely that.

Mr. KENNEDY. Wasn't it a study that went on for several years?

Mr. UHLMANN. Yes.

Mr. KENNEDY. And by experts in the field? Isn't that correct?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. And then, based on this study and based on what insurance companies were paying and should pay for brokerage fees, they came up with this standard?

Mr. UHLMANN. That is correct.

Mr. KENNEDY. And over a 10-year period. So this study has already been done by experts; is that right?

Mr. UHLMANN. Yes, indeed; far more qualified than I am.

Mr. KENNEDY. And it is compiled in a publication; is that right?

Mr. UHLMANN. That is correct.

Senator CAPEHART. Do you mean to tell me that this is the only company that was paying 10 percent?

Mr. UHLMANN. I didn't know that was a matter for discussion here. I cannot say that this was the only company. It was stated earlier, and if you will permit me, I can only reemphasize what I stated earlier, and that is that I have before me a set of facts which clearly state, which clearly show, based on evidence furnished by the company itself, as to what it paid by way of commissions.

Senator CAPEHART. Is not the code of ethics the average that they arrived at, which was paid by many companies or all the companies over a period of years?

Mr. UHLMANN. I would say that very likely it is just that.

Senator CAPEHART. And some were paying more than that and maybe others were paying less. These State insurance commissioners decided that this would be a fair and equitable commission to pay, and they adopted it in 1957?

Mr. UHLMANN. Well, they said it would be fair for purposes of future contracts. However, it was also recognized at the time on the basis of the evidence that had been made available to these people, there was an awareness that these facts had prevailed in the industry for a period of roughly 10 years.

Senator CAPEHART. Well, I do not care to go further.

The CHAIRMAN. All right; let us move along.

Mr. KENNEDY. You have gone through four of the insurance policies, Mr. Uhlmann. Have you broken down to the same degree the other insurance policies? Those are the four major ones you have given to the committee.

Mr. UHLMANN. Yes.

Mr. KENNEDY. Do you have others broken down to that extent?

Mr. UHLMANN. Yes, I have. They are smaller.

Mr. KENNEDY. And, Mr. Calabrese, I would like to get the names into the record of the 21 groups, if you have those.

Mr. CALABRESE. Yes.

Mr. UHLMANN. I have here another policy. It is identified as No. 2445, for the Chicago Downtown Hotels. It is a relatively small policy. In this instance, the total commissions paid were \$8,700, as opposed to \$7,500 under the code, or an excess of approximately \$1,200.

The CHAIRMAN. Percentage-wise, that is a far smaller excess payment than was made on these bigger ones?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. What percentage is that? I just happened to detect that. On the big ones they paid possibly three times what the premiums should have been, I mean if we are going to consider this code as a guide or a standard.

Here you have a percentage of what—that they paid more or in excess of what it would be according to the standards?

Mr. UHLMANN. Roughly 15 percent.

The CHAIRMAN. In other words, in this instance they only paid what you might term to be 15 percent in excess, whereas, on these big contracts that you have been talking about, they have been paying up as high as three times or nearly three times what the premium should have been.

Mr. UHLMANN. Yes.

The CHAIRMAN. That is your testimony? That is the effect of it the way I interpret it.

Mr. UHLMANN. Yes, sir. That is precisely what I intended to say.

The CHAIRMAN. But this small one, though, is only about 15 percent.

Senator CAPEHART. What is the date of the small one?

Mr. UHLMANN. It runs from the period of February 8, 1951, through January 16, 1959.

Senator CAPEHART. Why was the rate so low on that one?

Mr. UHLMANN. I have no explanation for it. Perhaps the company has.

Senator CAPEHART. Do you have an explanation as to why the rates were higher on the others?

Mr. UHLMANN. I have no explanation for it; no, sir. It seems to me, and you will probably agree, it is a matter for the company, that they may have some explanation for it.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, do you want to go through each one of these, or can we put in the four major ones?

The CHAIRMAN. Why can't we do this to expedite it: Mr. Uhlmann, can you make a table of the remaining contracts that are involved here, together with the names of the principals to the contract, and insert that in the record at this point under your oath showing these comparisons?

Mr. UHLMANN. No, sir; I do not have—

The CHAIRMAN. Can you do it? I did not ask if you had it right now. Can you prepare it and submit it to the record at this point?

Mr. UHLMANN. I can prepare it and will submit it. I misunderstood the question, Senator. I am sorry.

The CHAIRMAN. Well, instead of going through with all of this for the remainder of the companies this afternoon, can you prepare a simple statement to go into the record covering this aspect of it, how much in excess, the name of the company, the date of it?

Mr. UHLMANN. Yes; I can do that within a 15-minute period.

The CHAIRMAN. If you can do it in 15 minutes, we will get it in this afternoon, then.

Proceed.

Mr. KENNEDY. What is the overall figure, Mr. Uhlmann, of excess of commissions that were paid in connection with these 21 cases? Can you give us a conservative figure on that, based on your study and based on the standards set up by the insurance people themselves?

Mr. UHLMANN. My study of these cases was confined to the larger cases, to the larger policies, because of the very great impact which the premium volume has in relation to the entire picture, because some of these policies are quite small.

So for that reason, I do not have an aggregate figure of the 21 policies, but I do have for those that were discussed here earlier in this testimony.

The CHAIRMAN. Can you prepare it so you will have the aggregate on 21 and submit it for the record?

Mr. UHLMANN. Yes, sir.

(The information to be furnished follows:)

*Group insurance written through Dearborn Insurance Agency, Chicago.
Underwriter, Occidental Life Insurance Co.*

Policy No.	Policyholder	Com-mis-sion pay-ments made	Commis-sion per rates of N.A.I.C. Code	Exces-sive com-mis-sions	Over-write com-mis-sions (al-lowed)	Net excess after over-write	Pre-miums
2773	Board of trustees of highway drivers health and welfare fund, local 710.....	\$244,059	\$86,356	\$157,703	\$28,542	\$129,161	\$6,791,374
1920	Board of trustees of the dockmen's health and welfare fund, local 710.....	30,180	10,820	19,360	3,772	15,588	296,111
1966	Board of trustees of the highway drivers, local 710.....	20,991	8,961	12,030	2,501	9,529	205,240
3571	Board of trustees of highway drivers and dockmen's health and welfare fund, local 710.....	10,726	11,419	(693)	1,103	(1,796)	161,975
2113	Trustees downtown hotels.....	224,197	58,426	165,771	29,996	135,775	4,277,128
2445	Chicago residential hotels.....	8,739	7,556	1,183	1,115	68	159,476
2410	Local joint executive board of Hotel and Restaurant Employees and Bartenders International Union.....	4,771	5,026	(255)	670	(925)	93,340
2306	Trustees of the Chicago residential hotels.....	33,063	16,971	16,092	4,266	11,826	596,540
2217	Bismarck Hotel Co.....	4,568	3,781	787	627	160	61,112
3753	} Distillery and rectifying workers.....	4,438	6,966	(2,528)	140	(2,668)	123,347
3754							
2015	Board of trustees of Teamsters health and welfare fund, local 513.....	1,154	1,115	38	94	(56)	7,944
3592L	Chicago Waiters Alliance Union Local 25.....	6,898	5,492	1,406	1,002	404	100,192
3455	Standard Freight Lines, Inc.....	600	703	(103)	-----	(103)	6,274
2383	} Taxicab drivers, maintenance, etc., local 777.....	144,140	44,672	99,468	16,604	82,864	{ 308,416 84,781 1,869,894
3415							
3416	Taxicab drivers, local 777.....	839	818	21	134	(113)	21,212
4748	Trustees of comm. drivers, local 703.....	73,013	28,049	44,964	9,546	35,418	983,884
2421	McGarry Nut Products, Ltd.....	143	173	(30)	-----	(30)	1,088
2328H	Charles Tabor Oldsmobile, Inc.....	616	729	(113)	-----	(113)	5,116
3970							
	Total, 21 policies.....	813,134	298,033	515,101	100,112	414,989	16,154,444

Source material from which the above was compiled may be found in the files of the select committee.

Mr. KENNEDY. Will you give it for the four companies?

The CHAIRMAN. Give it for the four now, and then I want it submitted for the record at this point on all 21.

Mr. UHLMANN. For the four companies, it is \$493,000 excess.

Mr. KENNEDY. Is that including the amount of money that was paid to Mr. Wraith?

Mr. UHLMANN. That includes the amount of money paid to Mr. Wraith by way of override commissions.

Mr. KENNEDY. Is that all commissions?

Mr. UHLMANN. Well, it is called commissions here; yes, sir; on the tables, on the table furnished by the company.

Mr. KENNEDY. So based on the figures that were furnished by the company as to what were commissions in connection with these matters, these four cases, which are 710, 703, 777, and 593 of the Hotel and Restaurant Workers, the first three being Teamsters, based on these four cases, the excessive commissions were paid in excess of some \$490,000; is that right?

Mr. UHLMANN. Yes, sir.

Senator CHURCH. For what period of time?

Mr. UHLMAN. From about March 1950 on some of the cases—they came in at different times—though, in the main, through the end of December 1958.

Senator CHURCH. For a period, then, roughly of 8 years you compute slightly less than a half million dollars in excessive commissions on the four contracts?

Mr. UHLMANN. Yes, sir.

Well, I have made a projection with respect to the remaining policies, and it appears as though the figure will approximate roughly \$500,000 on all of them. You see, the relationship I am trying to bring out here is that on four policies alone the excess was \$493,000, and the excess on the remaining 17 policies was only about \$6,000 or \$7,000. That is the point of my testimony.

The CHAIRMAN. One other point to get the record clear is this: This does not include the 3 percent or 3½ percent that was paid for administrative fees?

Mr. UHLMANN. No, sir. This is outright commissions.

The CHAIRMAN. I do not know whether we have had any testimony as to whether that 3 or 3½ percent is excessive or not. Have we?

Mr. UHLMANN. No, sir.

The CHAIRMAN. In other words, there is no contention that that was an excessive fee?

Mr. UHLMANN. No, sir.

The CHAIRMAN. But that was paid in addition to these commissions?

Mr. UHLMANN. Yes.

The CHAIRMAN. The commissions were excessive, in your opinion?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. What was the total amount of premiums paid during this 8-year period?

Mr. UHLMANN. \$16,150,000, to round it out.

Senator CAPEHART. The total premiums?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. That is on which the commissions we are talking about were paid?

Mr. UHLMANN. This is on the 21 policies that I have given you the figure on.

Senator CAPEHART. What was it on the four?

Mr. UHLMANN. I would prefer to calculate that, if I may?

Senator CAPEHART. Approximately, if you know.

Well, never mind.

Mr. KENNEDY. Can't you just add them up roughly and then you can put the exact figure in?

Mr. UHLMANN. A little over \$17 million.

Senator CAPEHART. It can't be over \$17 million if all 21 of them are \$16 million.

Mr. UHLMANN. \$14½ million. There was one figure that was duplicated.

Senator CAPEHART. Then the \$400,000 of what you call excess is on \$14 million of premiums?

Mr. UHLMANN. Yes, sir.

Senator CAPEHART. When you talk about it being excess, you mean being excess over the so-called code of ethics that was adopted in 1957?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Chairman, that is just for background. Now I would like to put some documents into the record with Mr. Calabrese and then call some witnesses. The documents are in connection with the ownership of this company, of the Dearborn Insurance Agency, the individuals who received the insurance, and how the Dearborn Insurance Agency and Mr. Maris were able to obtain insurance from these various entities.

The CHAIRMAN. Mr. Uhlmann, you prepare a statement of all of those companies, as I directed a while ago, for the record. It will be a part of your sworn testimony.

I will instruct that it be placed in the record at that point.

Mr. UHLMANN. Yes, sir. I will start immediately.

Mr. KENNEDY. Mr. Calabrese, it would appear from the correspondence that we have been able to obtain that there was an attempt by Mr. Maris and those with whom he worked first to contact certain political figures in Chicago and then to contact certain union officials in order to obtain this insurance; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Our main interest, and the one that is of some significance as we go along, was their contact with the individual union officials, and the representations that were made to these union officials, and the arrangements that were made with them?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. But just going through some of the correspondence, starting back in 1949, could we put maybe a half dozen or so of these letters into the record which are of some significance?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. The first one is January 7, 1949, that we will place in the record.

Mr. CALABRESE. I would like to state that these records were obtained from the office of Mr. Harland Maris, pursuant to a subpoena served on him for his personal records, which he turned over to us.

Mr. KENNEDY. This is a letter which indicates the attempt to contact somebody in politics in connection with obtaining this insurance; is that right?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Do you have a letter there before you?

Mr. CALABRESE. I have a photostatic copy of a January 18, 1949, letter.

The CHAIRMAN. January what?

Mr. CALABRESE. January 18, 1949. Is that the one you are referring to?

Mr. KENNEDY. January 7, 1949.

The CHAIRMAN. I have the January 7 letter.

Mr. CALABRESE. I have a copy of that, sir.

The CHAIRMAN. The letter is dated January 7, 1949, addressed to whom?

Mr. CALABRESE. It is addressed to Mr. Allen L. Creitz, regional group supervisor, Occidental Life Insurance Co., in Chicago. It is from Harland R. Maris.

The CHAIRMAN. You obtained this letter from the files of whom?

Mr. CALABRESE. Mr. Maris.

The CHAIRMAN. It may be made exhibit No. 22.

(Letter referred to was marked "Exhibit No. 22" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Could we also have the letter of January 18, Mr. Chairman?

The CHAIRMAN. Do you have a letter of January 18, dated January 18?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. Who is it from and to whom is it addressed?

Mr. CALABRESE. I have a photostatic copy of a letter from Mr. Allen Creitz to Mr. Harland R. Maris, in Oakland, Calif.—

The CHAIRMAN. That letter may be made exhibit No. 22-A.

(Letter referred to was marked "Exhibit No. 22-A" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Calabrese, both the letter of January 7, 1949, and the letter of January 18, 1949, indicate that an attempt was made by the representative of the Occidental Insurance Co. to contact Mr. Frank Keenan, who was at that time an alderman; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And to have him make the necessary arrangements to bring these entities into the insurance group, to have these groups make contracts with the Occidental Insurance Co.; is that right?

Mr. CALABRESE. It shows the contacts with Mr. Frank Keenan; yes.

Mr. KENNEDY. Mr. Frank Keenan ultimately was made a partner in the Dearborn Insurance Agency?

Mr. CALABRESE. With 26 shares of the corporation; that is correct.

Mr. KENNEDY. You can see at the bottom of the letter of January 18, it says:

It seems to me the only solution to this problem would be to have one of your political friends put enough heat on someone so that your name would be brought into the deal. This is an excellent piece of business with an approximate \$600,000 annual premium. Whatever steps you feel necessary, please take, because I am stymied from this end.

This is the difficulty they were having in making their contacts.

The CHAIRMAN. The letters have been made exhibits. Parts of them may be referred to. They are subject to interpretation and whatever implication they may cast, if any.

Do we know what was meant in the letter of January 7, the last sentence in the first paragraph:

I cannot emphasize too strongly the point that Mr. Burger made with me, that if the employers would agree to pay for this coverage, the deal could be made.

Do we know what deal we are talking about?

Mr. CALABRESE. Senator, earlier Mr. Maris had been endeavoring to obtain pension business from the unions. As I stated earlier this morning, he was unsuccessful in that endeavor. These were contacts with union officials. Mr. Burger, whom he mentions, was the international vice president of the Teamsters Union.

He had been making contacts with the various union officials in an attempt to obtain the pension business which, as I say, he was unsuccessful in obtaining.

Mr. KENNEDY. The next letter that you have, Mr. Calabrese, is dated what?

Mr. CALABRESE. April 4, 1949. It is a letter from Mr. Harland R. Maris to Mr. Elmer Crane at his office at 105 West Madison Street.

Mr. KENNEDY. What is the heart of that letter?

Mr. CALABRESE. In it there is a discussion about his endeavors to obtain the pension plans. He then asks and states—

As I told you this morning—

referring to paragraph 2—

I asked Mr. Ray Schoessling to speak to Haggerty, and I think it would be helpful if, before you leave, you could get one good chance to have Mr. Blakely speak to him.

Mr. KENNEDY. That is Mr. Blakely of the Hotel and Restaurant Workers?

Mr. CALABRESE. Apparently referring to Mr. James Blakely of the Restaurant Union. He then goes on to state what he hopes to do, and so forth.

I refer to the last paragraph, in which he states—

One more thing before you go to Florida. There are some union deals cooking out here. Will you be kind enough to ask Mr. Blakely if he could put me in touch with some of the big wheels, preferably not the Teamsters as I don't want to fool with Beck, nor do I want him to fool with me in Chicago.

Then he goes on to speak about personal matters.

The CHAIRMAN. Make that exhibit No. 22-B.

(Letter referred to was marked "Exhibit No. 22-B" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Let us go on to the next one.

Mr. CALABRESE. It is dated April 8, 1949. It is signed "Allen," to "Dear Harland." Allen would be Mr. Creitz, to Harland—Harland Maris.

Mr. KENNEDY. Go ahead.

Mr. CALABRESE. There are a couple of paragraphs devoted to some of the activities that he had been in, and then it states in the third paragraph:

Youngblood and I had lunch today. They have a meeting next Thursday and will then have a full report. This other agent, Begley, is still in the picture, but Youngblood indicated Elmer's friend, Blakely, told him we were the right party. I told Youngblood to have it set up so no one could open investigations at a later date, and to be careful of Whiskers.

The CHAIRMAN. Who is "Whiskers"?

Mr. CALABRESE. I don't know. I would say the U.S. Government.

Mr. KENNEDY. Anyway, they say it should be set up so that no one could open investigations at a later date, and to be careful of Whiskers?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Who is Mr. Youngblood?

Mr. CALABRESE. Mr. Youngblood was an official in the Painters Union.

The CHAIRMAN. Make that exhibit No. 22-C.

(Letter referred to was marked "Exhibit No. 22-C" for reference and may be found in the files of the select committee.)

Mr. CALABRESE. The next letter I have is a letter dated November 4, 1949, from Mr. Maris to Mr. Creitz. I refer you to the middle of the last paragraph, page 1, where it states:

Yesterday I talked to Elmer, and he said he would call you. Apparently Vacey and Blakely are calling a meeting of the executive committee for Monday, November 10, and he told me he would let me know the result of it. The purpose of the meeting is to decide which plan they will accept, which should be fairly simple. From what he said, I believe they are going to make an all-out effort for the plan we submitted because of the certainty that if the Loop hotels go for it, the rest will fall in line.

The Mr. Vacey whom he refers to is deceased. He was an official in the Hotel and Restaurant Union.

The CHAIRMAN. That may be made exhibit No. 22-D.

(Letter referred to was marked "Exhibit No. 22-D" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Then there is a letter written on the stationery of Mr. L. W. Wrixon, attorney at law, San Francisco, a letter written to Mr. Maris, in which he encloses or states:

Enclosed is a draft of a proposed employment contract which you might wish to consider.

is that right?

Mr. CALABRESE. That is right.

Mr. KENNEDY. And that contract indicates, in paragraph 2:

The contractor agrees to furnish agency with contacts among local union officers and employees located in the State of Illinois who are affiliated with the Hotel and Restaurant Employees International Union, and contractor further agrees that he will provide agency and its officers and employees with such assistance as he is legitimately able to furnish, directed toward the sale and installation by agency of welfare plans involving the issuance of insurance contract as required by said plans.

is that right?

Mr. CALABRESE. That is right.

Mr. KENNEDY. And is there a further paragraph in that agreement that this arrangement shall remain secret?

Mr. CALABRESE. Yes; confidential and personal in character, that is the arrangement. It says:

From and after the dates hereof each party hereto agrees that he or it, as the case may be, will not directly or indirectly disclose to any other person, firm, corporation, or organization (a) the names of any persons or officers contacted by either party hereto in connection with the selling and/or installation of welfare plans; or (b) any of the methods or procedure employed in devising, selling, and/or installing welfare plans.

Mr. KENNEDY. That is not enclosed in the mimeographed part. We only have the first page of the contract in there, Mr. Chairman.

The CHAIRMAN. Do you have the full contract there?

Mr. KENNEDY. Yes.

The CHAIRMAN. A photostatic copy of the contract in full may be made exhibit No. 23, and you read an excerpt from the contract, at that time?

Mr. CALABRESE. I did.

(Contract referred to was marked "Exhibit No. 23" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I didn't catch the full significance of it.

Mr. KENNEDY. It states in substance that all arrangements shall remain secret and confidential; is that correct?

Senator CAPEHART. Whom is the contract made with?

Mr. KENNEDY. It is a blank contract but for the procurement of the Hotel and Restaurant Workers business; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. We will go on to develop what occurred.

But up to this time there had been contacts, as we have seen from the other correspondence, which gained some significance as we go along, but the contacts as far as the Hotel and Restaurant Workers business had all been with Mr. Blakely; is that right?

Mr. CALABRESE. That is right.

Mr. KENNEDY. He was the one going to make the contacts with the Hotel and Restaurant Workers, and they were going to contact him to make contacts with other union officials?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. He was their man as far as making the contacts and trying to get them the business.

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Here we come in early January of 1950, when they make up an employment contract which is to remain secret and confidential, where somebody is to receive certain compensation for obtaining the business from the Hotel and Restaurant Workers?

Mr. CALABRESE. That is right.

Mr. KENNEDY. At the same time, they were attempting to get the Teamsters' business?

Mr. CALABRESE. That is right.

Mr. KENNEDY. Now, you have a letter there of October 6, 1950?

Mr. CALABRESE. I do.

Mr. KENNEDY. Is that the next letter?

Mr. CALABRESE. That is correct; yes.

Mr. KENNEDY. The significance of that letter is what?

Mr. CALABRESE. It is from Mr. Creitz to Mr. Maris, and it is—

Re: Commission Drivers, Chauffeurs, Warehouse Helpers Union, Local 703.
He states:

DEAR HARLAND: Today when you called I was in Frank Brown's office, which you found out, and then you had some discussion with Frank relative to the above deal.

Mr. KENNEDY. Who is Frank Brown?

Mr. CALABRESE. Frank Brown was the president of local 710, and was also president of Joint Council No. 25 of the International Brotherhood of Teamsters in Chicago.

Mr. KENNEDY. Now he is president emeritus of that union?

Mr. CALABRESE. Yes; and since June of 1953, I believe.

Mr. KENNEDY. July of 1953?

Mr. CALABRESE. Yes, sir. The next paragraph says:

After our conversation we went through this whole plan and discussed it thoroughly with John Mahoney and Mike Raimondi.

Now, Mr. Mahoney and Mr. Raimondi were officials of local 703.

The CHAIRMAN. This letter may be made exhibit No. 24.

(Letter referred to was marked "Exhibit No. 24" for reference and will be found in the appendix on p. 18085.)

Mr. KENNEDY. And the next letter?

Mr. CALABRESE. It is December 7, 1950, from Mr. Creitz to Mr. Maris.

Mr. KENNEDY. Now, around this period of time, there would seem to have been some major step that had been taken, would there not?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Now, would you read us on the letter of December 7, 1950, the last paragraph of that letter?

Mr. CALABRESE. Yes.

I wish that you would some time in the next 2 or 3 days drop Jim Blakely a line and tell him that you are very sorry but you misunderstood there was to be a meeting. Also explain that it is your intention, together with Frank Brown and Sandy O'Brien to have a meeting in February which is the end of the first year. At that time accounting details will be given and etc. I think this will be a salvation to the last misunderstanding.

Mr. KENNEDY. Who was Sandy O'Brien?

Mr. CALABRESE. Mr. O'Brien is the international vice president of the Teamsters in Chicago, and he is secretary-treasurer of local 710.

Mr. KENNEDY. Here they talk about the fact that they had to get together with Jim Blakely, and there was going to have to be a meeting of Jim Blakely, Frank Brown, and Sandy O'Brien.

Now, this is a letter from Creitz, regional group supervisor of the Occidental Life Insurance Co. to Harland Maris, the meeting of Frank Brown, Sandy O'Brien, and Jim Blakely; is that correct?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Now all of them had had different insurance entities, did they not?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And in this period of time, or this juncture, had there been some awarding of the insurance?

Mr. CALABRESE. Yes, as a matter of fact Mr. O'Brien, in 710, had awarded the contracts to Dearborn on March 1 of 1950, for the dockmen side of the contract, and on April 1, 1950, the over-the-road drivers part of the contract.

Mr. KENNEDY. What was that date?

Mr. CALABRESE. March 1 and April 1.

Mr. KENNEDY. So the insurance had already been granted?

Mr. CALABRESE. The insurance had already been granted; that is correct.

Mr. KENNEDY. And they were having a meeting then during this period of time?

Mr. CALABRESE. This would have been a year after the contracts were obtained, and he speaks of that year.

Mr. KENNEDY. And he says there—

At that time accounting details will be given and etc. I think this will be a salvation to the last misunderstanding.

They evidently had some arrangement between themselves in which accounting details were going to be furnished to these three men; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. Now, January 8, 1951.

Senator CAPEHART. You say "Yes," and do you know it to be a fact?

Mr. KENNEDY. We will go on with these.

Senator CAPEHART. Do you know it to be a fact, that there was some arrangement between these two gentlemen?

Mr. CALABRESE. Yes, I think Senator, that we have additional information.

Senator CAPEHART. You know it to be a fact yourself?

Mr. CALABRESE. From the records that we have, it would indicate it, Senator.

Senator CAPEHART. The records later?

Mr. CALABRESE. The records I am prepared to introduce at this point.

Senator CAPEHART. The records indicate that it is a fact; is that correct?

Mr. CALABRESE. The records indicate that there was a deal between them; that is correct.

Mr. KENNEDY. Now proceed to January 8, 1951.

The CHAIRMAN. This previous one will be made exhibit 25.

(Letter referred to was marked "Exhibit No. 25" for reference and will be found in the appendix on p. 18086.)

Mr. CALABRESE. This is a letter from Miss Aileen Tipton, to Mr. Allen Creitz, from which they said:

Mr. Maris has just made arrangements to meet with Jerry Schultz at 2:30 Monday afternoon, so would like to see Mr. O'Brien and the others on Tuesday morning.

Mr. KENNEDY. Who is Jerry Schultz?

Mr. CALABRESE. Mr. Schultz was the accountant that handled the tax matters when the corporation was originally set up.

Mr. KENNEDY. What corporation?

Mr. CALABRESE. Dearborn Insurance Agency, Inc.

Mr. KENNEDY. Here we have Mr. Maris saying he had made arrangements to meet with the tax accountant for the Dearborn Insurance Agency, and then he would like to see O'Brien and the others on Tuesday morning?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Then the letter of January 10, 1951.

The CHAIRMAN. This may be made exhibit No. 26, this letter of January 8.

(Letter referred to was marked "Exhibit No. 26" for reference and will be found in the appendix on p. 18087.)

Mr. KENNEDY. These letters up to this point, Mr. Chairman, are just leading up to the situation as it is going to be developed during the next few letters.

Mr. CALABRESE. This is a letter from Mr. Maris, to Mr. John W. Murray, at his residence or place of business, 6469 N. Sheridan Road, Chicago. Mr. Murray was a stockholder in the corporation.

The CHAIRMAN. I don't have a copy of that.

Mr. KENNEDY. This is a very important letter, Mr. Chairman.

The CHAIRMAN. Let us have a copy before it is read.

Now we are referring to the letter of January 10, 1951, from Mr. Maris to John W. Murray; is that correct?

Mr. CALABRESE. That is correct.

The CHAIRMAN. That letter may be made exhibit No. 27

(The letter referred to was marked "Exhibit No. 27" for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. You may proceed.

Mr. CALABRESE (reading):

DEAR JOHN: Enclosed is a check for \$93.99 for some additional commissions.

Mr. KENNEDY. Murray was the representative, was he, of the corporation?

Mr. CALABRESE. He was the secretary of the Dearborn Insurance Agency, Inc., and a stockholder in the corporation, Senator.

Mr. KENNEDY. Go ahead.

Mr. CALABRESE. The first paragraph, if I might just go over this quickly, there was a discussion of—

Mr. KENNEDY. The first one is a discussion of the paid outs that he had made during the particular period of time?

Mr. CALABRESE. That is right.

Mr. KENNEDY. How he was going to be reimbursed for that?

Mr. CALABRESE. That is right.

Mr. KENNEDY. Insofar as the payouts were concerned?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. We will ask him about that when Mr. Maris is a witness, as to how this paid-out money was being used during that period.

Mr. CALABRESE. We don't know what he means by expenses and payouts, in that first paragraph.

Mr. KENNEDY. Then he goes on, in the second paragraph about having lunch, and third paragraph the same sort of situation; is that right?

Mr. CALABRESE. Yes, that is correct.

Now, he starts with:

After you and Allen and I have lunch and see the tax man, I propose that we call Frank Keenan in Florida, review it with him and get his proxy by telephone.

Mr. KENNEDY. That is all in connection with the insurance agency's own business, is that right, as to how they are going to reimburse Maris for the money that he paid out?

Mr. CALABRESE. That is what it appears to be; yes.

Mr. KENNEDY. That is what it is, and it is insurance agency business, is it not?

Mr. CALABRESE. Yes; it is.

On Tuesday morning I have an appointment with O'Brien and Brown to close the taxicab deal—

the taxicab company is local 777, which was mentioned earlier—

and will go over the entire statement as outlined above with them.

Mr. KENNEDY. Now, he is saying there that he is going over the statement in connection with the insurance agency, the brokerage, with both O'Brien and Brown?

Mr. CALABRESE. Yes, sir.

Then I think we should have a meeting on Wednesday with the entire group in Chicago, go over the first 9-months operations, and review the established income for 1951 and the three cases that are on the fire and which will produce income in 1951.

Now the next paragraph deals with his discussion with the tax man, and what he will get out of it.

Mr. KENNEDY. He says:

I believe it will be possible for all of us to have salaries or bonuses for 1950 and establish salaries and expense for 1951 and with the payouts deducted which are already committed from our already set up 1951 income, we can really start to get a monthly income off of this business.

Mr. CALABRESE. Yes.

Mr. KENNEDY. Now, on the next page, what does he say?

Mr. CALABRESE (reading):

I appreciate your staying over for this matter and only wish that Frank were there too, but we can take plenty of time on the phone so he understands it and I know that Brown and O'Brien will.

Mr. KENNEDY. Brown and O'Brien at that time were the union officials who were responsible for awarding these contracts, for the Teamsters Union?

Mr. CALABRESE. Local 710.

Mr. KENNEDY. And also for local 777 of the Teamsters, at least they played a major role.

Mr. CALABRESE. And also 703.

Mr. KENNEDY. For the three major Teamster Unions.

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. Local 710 was the largest contract of all?

Mr. CALABRESE. Yes; that is correct, Senator.

The CHAIRMAN. They are union people who make the decision?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. Brown and O'Brien were the union officials who made the decision, where the insurance should go, and the kind of contract it should be?

Mr. CALABRESE. Yes, Senator; and I will explain a little later as to what actually happened in line with giving Dearborn the insurance as against Mr. Dorfman's Union Casualty Co., which also was soliciting insurance at this time.

The CHAIRMAN. All right.

Senator CAPEHART. Brown and O'Brien, the two men representing the union, don't they sit with two employer men, and don't the four of them handle it?

Mr. CALABRESE. Yes, there are trustees; that is correct.

Senator CAPEHART. There were two employer representatives and two union men?

Mr. CALABRESE. Yes, sir.

Senator CAPEHART. And the two union men you are talking about here are Brown and O'Brien?

Mr. CALABRESE. Mr. Brown was the president; that is right.

Senator CAPEHART. Do Brown and O'Brien have more to say than the two employer representatives?

Mr. CALABRESE. I would say yes, definitely.

Senator CAPEHART. For what reason?

Mr. CALABRESE. Because they are the union officials themselves.

Senator CAPEHART. This fund set up for this group insurance is administered by four men; two from the union and two from the employers?

Mr. CALABRESE. Yes, sir.

Senator CAPEHART. And they get together and award the contract for the insurance?

Mr. CALABRESE. That is right.

Senator CAPEHART. That is a correct statement?

Mr. CALABRESE. That is correct?

Senator CAPEHART. And Brown and O'Brien in this letter are the two union men?

Mr. CALABRESE. Yes. That is right.

Mr. KENNEDY. Go ahead.

Mr. CALABRESE (reading) :

I then propose to have the open meeting, present the statement, answer questions, and once and for all, even if I have to have help from the Teamsters and you, put Brother Crane in his place forever. Let us pray.

Mr. KENNEDY. Brother Crane had what position at that time?

Mr. CALABRESE. He was secretary when the corporation was first formed.

Mr. KENNEDY. And there was some pressure against him by these other people at that time?

Mr. CALABRESE. That is right, from Mr. Maris; that is right.

As you know, it was no simple job to get the insurance company up from 4 percent first year commission and 2 percent renewal commission to 10 percent first year commission and 4 percent perpetual renewal.

Mr. KENNEDY. At that very time, Mr. Maris was indicating that he knew that he got a very special deal by getting this very high commission rate?

Mr. CALABRESE. Exactly.

Mr. KENNEDY. This was something that he was well aware of, and what they were trying to incorporate in the deal?

Mr. CALABRESE. That is right.

The CHAIRMAN. What does the next sentence mean?

Mr. CALABRESE (reading) :

I can tell you simply that there is not a contract like it in America. Since the recent shakeup of officers in Occidental as of January 1, we are sitting in the most prime position of any broker with any company in America. At the meeting I want to develop this point at some length because it has taken a lot of work out here to get this done and I don't believe some of the stockholders realize just how much work. I may add, without too much humility, that it was largely due to two facts, one being that for years I had been no worse than No. 4 man and the other reason being continuous production without any complications for 11 years; and may I say that during that 11 years I never sent Mrs. Tookey any flowers as one of our stockholders did.

The CHAIRMAN. Who is Mrs. Tookey?

Mr. CALABRESE. Apparently the wife of one of the officials in Occidental.

For your information, and I will reveal it to the entire group, every dollar's worth of Dave Beck's Teamsters business for the 11 Western States is written in Occidental and the commission scale is 4 percent first year and 2 percent renewal.

The CHAIRMAN. That would be a much bigger contract than this. I would think so.

Mr. KENNEDY. That was developed to a very excessive commission, even that 4 percent and the 2 percent.

The CHAIRMAN. We have already established that in previous hearings?

Mr. KENNEDY. Yes.

Mr. CALABRESE (reading) :

Therefore, we must impress upon our stockholders that in order to keep the contracts running as they are, they must work closely with their trustees in order to justify the additional expense items at the end of the year when the accounting is done on each of these several deals. In other words, John, if the hotel association or the Teamsters' employer group should even intimate that other companies can do this job for a lower retention figure, they have got to go to bat for us. Once again, in this type of business, when you are working as a corporation, there is only one profitable method of doing business, and that is to write deals that are controlled without bids; then it is possible for the company to get enough premium to do the job and, inasmuch as commissions are built upon percentage of premium, obviously the higher premium we get, the higher commission we get, even though we return a higher dividend.

Mr. KENNEDY. That sets the whole situation out, doesn't it?

Mr. CALABRESE. Yes. And in the next paragraph he speaks about projection of 1951.

This is a rambling letter, John, but mull it over and when you, Allen, and I get together on Monday we will kick it around good. When we get the approval of Keenan, Brown, and O'Brien, we will have the formal meeting and get it out of the way. I am sure that with what I have in mind everyone should be satisfied, but I do expect to get back the tax credit I have used in order to provide the payouts, if not the entire amount of money I have spent. However, this is all subject to the advice of the tax consultant. See you on Monday.

Very sincerely,

HARLAND R. MARIS.

P.S.—Did Crane ever pay for the 200 shares of stock for the hotel people? If not, don't mention it to him as I want to bring it out in the meeting that that is the only stock not paid for. I believe that Allen knows that Vacey paid him for it.

Mr. KENNEDY. Vacey was the head of the Hotel and Restaurant Union at that time?

Mr. CALABRESE. That is right. He was president.

Mr. KENNEDY. The question was raised as to whether Crane, who was the official of the insurance agency, had as yet paid for the stock that was going to be given, or which belonged to the hotel people.

Mr. CALABRESE. The hotel people. That is as I read it, Mr. Kennedy.

Mr. KENNEDY. Then specifically he mentioned Mr. Vacey, who was a union official at that time?

Mr. CALABRESE. Yes.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. You have a letter of January 22, 1951, which is also of some importance?

Mr. CALABRESE. I do. It is a letter from Mr. Maris to Mr. Frank Brown, 4217 South Halsted Street, Chicago, Ill., which is the address of local 710. He states:

When I came to my office this morning, I took up the problem that you and Jim have with my attorney and tax consultant here, and whose name is L. W. Wrixon.

Mr. KENNEDY. Who is Jim?

Mr. CALABRESE. It could be James Blakely or Jim Keenan, which would be Frank Keenan's brother.

Mr. KENNEDY. Either one?

Mr. CALABRESE. That is right. I will skip down to the next paragraph.

It appears to me that your particular problem—

Mr. KENNEDY. This is a letter to Frank Brown, who is head of the Teamsters Union there; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. Local 710?

Mr. CALABRESE. 710

Mr. KENNEDY. And he is now president emeritus of local 710?

Mr. CALABRESE. That is right.

Mr. KENNEDY. And is still receiving his salary from local 710?

Mr. CALABRESE. That is true.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. Go ahead.

Mr. CALABRESE (reading):

It appears to me that your particular problem is to keep your name off of the certificate and, if possible, in my opinion, out of the city of Chicago. Mr. Wrixon makes this suggestion and says that he has done it many times in operating for estates and minors in the matter of dividends paid by stock brokerage houses and the cases are identical. Dearborn Insurance Agency would cancel out the two certificates which were issued to a trust number, for the reason that the trust was never completed. Two certificates would be issued to the California attorney, who in turn would endorse them and mail them to you and Jim in Chicago, and the stock would be in the same category as street stock or free stock. The dividends would be paid to the attorney, who in turn would endorse the checks and send them to you and the tax on the dividends would be paid by you. Mr. Wrixon tells me that the only point that would even enter the deal, and one which comes frequently to attorneys, particularly attorneys for stock brokers, is to explain very simply that the stock was issued in his name because of some estate matter which he was handling and that he had forwarded the dividends to the rightful owner to be included in his income tax return.

My thought in the matter, Frank, is that because the attorney is in California and connected with me, rather than in Chicago and connected with you, it might better serve our purpose and, to make it look even better, I certainly would not object to having my own stock made to Mr. Wrixon in the same category, which would improve the window dressing.

Mr. KENNEDY. It shows clearly, this letter, the subterfuge involved.

Mr. CALABRESE. That is correct.

My suggestion is that you ask your attorney about it, write me your thoughts, and if he concurs with Mr. Wrixon, we will have the old certificates canceled by John Murray, the new ones issued, sent out here, and endorsed back to you and Jim and me. As you know, I don't want any worries about this matter and neither do you and Jim, so if you will give it your attention we can have it done in 5 days so you can have your certificates in your own safe deposit box before you go to Arkansas.

If the shares are to be split between you and John, let me know the details and we will arrange it any way you wish.

By John he may be referring to John "Sandy" O'Brien.

Mr. KENNEDY. That is the only John that is involved that we know of?

The CHAIRMAN. He says somebody is going to Arkansas to see John? What John are they talking about?

Mr. CALABRESE. The only one I know, Senator, is John "Sandy" O'Brien.

Mr. KENNEDY. The last two paragraphs indicate an attempted contact with Mr. Haggerty; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. So that the record is completely clear, we have found that Mr. Haggerty was not involved in this in any way?

Mr. CALABRESE. No.

Mr. KENNEDY. There was just correspondence back and forth about attempting to contact him?

Mr. CALABRESE. About attempting to obtain the contacts; that is right.

The CHAIRMAN. That letter may be made exhibit No. 28.

(Letter referred to was marked "Exhibit No. 28" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Next is the letter of February 2, 1951.

Mr. CALABRESE. This is a letter from Mr. Wrixon, the tax attorney in San Francisco, to Mr. Maris:

DEAR HARLAND: I reviewed the corporate minute book and find that there is a printed form of resolution already signed relating to the bank account and, accordingly, it seems to me that the copy of the printed resolutions, after being conformed with the original, should be attached to the minutes. I note that none of the pages of the minute appears to be signed by the directors, officers, or shareholders.

In my opinion, the corporate minutes should be completed by an attorney familiar with Illinois law. This should also be done in order to make the proper presentation of the corporate status to any inquiring revenue agent. I enclose a suggested form of minutes which your counsel in Chicago may consider and adopt to his purposes.

Mr. KENNEDY. You have the wrong letter. What letter is that?

Mr. CALABRESE. February 2, 1951. There are two, Mr. Kennedy.

The CHAIRMAN. The letter you just read from is one dated February 2, 1951, address to Mr. Maris?

Mr. CALABRESE. That is correct, sir.

The CHAIRMAN. It is apparently from L. W. Wrixon, the attorney?

Mr. CALABRESE. That is correct, sir.

The CHAIRMAN. That letter may be made exhibit No. 29.

(Letter referred to was marked "Exhibit No. 29" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. We reviewed the minute book at one time, did we not?

Mr. CALABRESE. Yes.

Mr. KENNEDY. And then when we returned to examine it again, we could not locate it?

Mr. CALABRESE. No. It was not located. We could not locate it after we returned.

Mr. KENNEDY. They furnished what they stated was a photostatic copy of the minute book?

Mr. CALABRESE. Yes.

Mr. KENNEDY. But nobody seems to know what happened to the minute book?

Mr. CALABRESE. Not after we looked at it; no.

Mr. KENNEDY. The most important piece of records in connection with this whole operation would be the stock certificate book?

Mr. CALABRESE. Yes; that is correct.

Mr. KENNEDY. Were you able to obtain the stock certificate book?

Mr. CALABRESE. No, we were not. No one seemed to know anything about this stock certificate book. None of the officers nor the partners.

The CHAIRMAN. Let the Chair make this, the minutes of the special meeting of the board that were attached to the letter of February 2, 1951, to Mr. Maris, exhibit No. 29A.

(Minutes referred to were marked "Exhibit No. 29A" for reference and may be found in the files of the select committee.)

Mr. CALABRESE. In connection with the proposed minutes, Senator, you will note that it was dated the 9th day of June 1950, that it was a meeting of all directors, to wit, Harland R. Maris, Frank Brown, and Elmer Crane.

Mr. KENNEDY. So that shows right in the minutes that had been drawn up, minutes of the special meeting of the board of directors of the Dearborn Insurance Agency, Frank Brown as being one of the directors; is that right?

Mr. CALABRESE. One of the directors of the Dearborn Insurance Agency, Inc.

In there, there is reference to the resignation of Elmer Crane as secretary and director of the corporation. And a final provision on page 3 of that proposed minutes there is a resolution that states:

Resolved, That this corporation hereby ratifies, approves, and adopts as the act and deed of this corporation, the agreement by this corporation, the agreement by this corporation to pay to the Maris-Scully Co. the sum of \$30,000 during the calendar year 1950, and the further sum of \$15,000 payable during the period March 1, 1951, to May 31, 1951.

Mr. KENNEDY. It is of some interest, Mr. Calabrese, that this letter is dated February 2, 1951; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. But the minutes that are being forwarded are minutes for the 9th of June 1950?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. That was some 6 months before, the meeting took place some 6 months before?

Mr. CALABRESE. Yes.

Mr. KENNEDY. This other letter of February 2, 1951——

The CHAIRMAN. That is the letter from Mr. Maris to Jerome Schultz?

Mr. CALABRESE. Yes, Senator.

The CHAIRMAN. That may be made exhibit No. 30.

(Letter referred to was marked "Exhibit No. 30" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. There is some effort now to hide the ownership of the Dearborn Insurance Agency?

Mr. CALABRESE. Yes. This is in line with the letter to Mr. Brown.

Mr. KENNEDY. As to how it is going to be handled so that people would not be aware of the fact that they had an interest in the Dearborn Insurance?

Mr. CALABRESE. That is right.

Mr. KENNEDY. These are the union officials that are trying to conceal their identity and their interest in this company?

Mr. CALABRESE. Yes. This is the effort to conceal their identity, Senator.

The CHAIRMAN. All right. That is to prevent anyone knowing they have an interest in the company?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Or that they are sharing in its profits?

Mr. CALABRESE. That would be correct. That is correct, Senator. This is a letter to Mr. Schultz, at the company office at 22 West Madison Street, Chicago, Ill. It states:

Enclosed is a copy of a letter from Mr. Wrixon to me in response to several questions I ask him concerning Dearborn. I am forwarding it to you so that if you concur it will be a basis for our 1951 plans. There is one more point which Mr. Wrixon did not deal with in this letter, but I am sure you will be relieved to know of our decision.

There are 40 shares of stock issued to two trust numbers at the LaSalle National Bank, which were never completed. Each certificate is for 20 shares, but I am quite certain that the 20 shares in each instance would concern more than one individual, so I have asked the holders to do the following things:

1. Send the two 20-share certificates to me and we will cancel them. Then we will issue, say, four 10-share certificates to L. W. Wrixon, who in turn will endorse them, making them free stock as you suggested and immediately mail them to the proper individuals.

2. When dividends are paid, they will, of course, be made to L. W. Wrixon. He in turn will endorse the checks, forward them to the proper people, and notify the Treasury Department that he has acted as attorney for the individuals and give the Treasury Department the amount of the dividends upon which tax should be paid by the actual owners of the stock.

In the portion of Mr. Wrixon's letter dealing with the Personal Service Corp., it would be necessary for us to issue 20 more shares of stock in order that 70 of the outstanding shares be in the hands of Murray, Creitz, and myself, who are the active shareholders and all licensed to do insurance business necessary in Illinois.

If we can so qualify and convince our stockholders that it is a good move, the 30 percent savings should be very substantial, and if you have a moment, will you please run a calculation on the basis of \$75,000, taxable income on a 77-percent basis with our present 115 shares of stock, with 40 shares held silently, as against a 47-percent tax ratio with an additional 20 shares of stock going to the active shareholders? It is my belief without running a calculation that even though we increase the shares by 20, the benefits to the 40 silent shares will be increased; also, there is another large benefit which will be helpful.

In any extracurricular commitments, if we have to run them straight through the books, 47 percent is more advantageous than 77 percent. Mr. Wrixon is preparing the minutes for Dearborn in a rather rough manner as he doesn't pretend to practice Illinois law, but I suggested to him what we wanted and he is preparing it. We will have it checked for legality in Illinois. I expect to be in Chicago on the 5th or 6th of March and we can close our books and get started for that year."

The CHAIRMAN. As I get the picture of this up to now, Brown and O'Brien are union members or union officers, and they are also trustees of this fund. Is that correct?

Mr. CALABRESE. Well, Senator, we don't know that as such. We have never seen these stock certificates.

The CHAIRMAN. No. Trustees of the fund.

Mr. CALABRESE. Trustees of the fund; yes.

The CHAIRMAN. To make a decision as to how they shall be invested or insurance they buy, and so forth, and the amount of premiums they pay?

Mr. CALABRESE. Yes. That is right.

The CHAIRMAN. They became associated with others in a business; insurance agents?

Mr. CALABRESE. That is correct.

The CHAIRMAN. And they give the insurance to this Occidental Co., who in turn agrees to pay what appears to be an excessive premium to this insurance agency, a brokerage fee paid to this insurance agency by the Occidental Co., these two union officials profit because they own stock in it?

Mr. CALABRESE. That is what the——

The CHAIRMAN. Of course, the larger commission paid, the larger would be their percentage of profits.

Mr. CALABRESE. That is correct, sir.

The CHAIRMAN. That is the way it is as I see it. Am I in error about it?

Mr. CALABRESE. No. That is correct.

Senator CAPEHART. Do you know whether the two employer members of this trustee knew that these gentlemen had an interest in this agency?

Mr. CALABRESE. We talked to one of the employers who is going to be a witness tomorrow, Senator. He advised that he knew nothing.

Senator CAPEHART. That he did not know?

Mr. CALABRESE. That he did not know; that is correct.

Mr. KENNEDY. Then you have the letter of April 11, 1951?

Mr. CALABRESE. Mr. Kennedy, in explanation of the 40 shares that he speaks about, we obtained from the records of the LaSalle National Bank trust numbers, documents pertaining to trust numbers, 12117 and trust numbers 12158.

Mr. KENNEDY. Mr. Chairman, they said they were going to handle this through the LaSalle National Bank, as far as the distribution of the stock, that it would be held in trust so that the ownership could not be traced. We went to the bank and obtained the trust agreements.

Mr. CALABRESE. It is in the February 2, 1951, letter to Mr. Schultz, in the first paragraph. There is a reference that—

There are 40 shares of stock issued to 2 trust members at the LaSalle National Bank.

The CHAIRMAN. All right. I know what you are talking about. What about it?

Mr. CALABRESE. We went to the LaSalle National Bank.

The CHAIRMAN. You went to the bank?

Mr. CALABRESE. Yes, and we subpoenaed the records pertaining to these two trust numbers, trust numbers 12117 and 12158.

Their records indicated that—

Sometime in January 1950, a Mr. Elmer J. Crane called in and secured the trust number, and this is true for both trust numbers assigned to this trust. We were not able to secure a trust agreement from Mr. Crane, and the trust number was subsequently canceled.

On August 30, 1951, Mr. Harland R. Maris called at the office with the shares of stock of Dearborn Insurance Agency, Inc., which are the subject matter of this trust, which were issued in the name of LaSalle National Bank as trustee under trust number 12117, and stated that he wanted a trust agreement drawn immediately.

He also stated that he did not want Mr. Elmer J. Crane to know anything about the agreement. He suggested that we employ an attorney to draft an agreement for him.

The pertinency of this all, of course, is our effort to ascertain who had been the recipient of the stock certificates from the Dearborn Insurance Agency, Inc.

The CHAIRMAN. Actually, there is nothing in writing about the stock? The stock was held by the bank and there was no trust agreement in writing as to who was the owner of the stock, or for whom it was holding the stock or anything?

Mr. CALABRESE. At that point, 1950, no. It was never completed, Senator.

Mr. KENNEDY. Then in 1951?

Mr. CALABRESE. In 1951 Mr. Maris came in. He got these same two numbers, trust numbers, and issued 40 shares of stock, making the La-

Salle National Bank trustee. This was held in trust for him until May of 1952 when, of course, Dearborn Insurance Agency, Inc., dissolved.

Mr. KENNEDY. And the only way that we can find out exactly about how the stock was then handled and what happened in 1952, for the period 1951 to 1952, and then 1952 on when Dearborn was dissolved, would be from either Mr. Maris or these other individuals, or to obtain the stock certificate book?

Mr. CALABRESE. Yes; that is correct.

Mr. KENNEDY. And the stock certificate book is missing, and Mr. Maris, of course, will be a witness, as well as these other individuals.

Mr. CALABRESE. The point is that they had in mind in January 1950 to place 40 shares in trust.

The CHAIRMAN. How much was the total stock, the total number of shares of the company?

Mr. CALABRESE. Of the corporation? It was 195 shares that were issued, Senator.

The CHAIRMAN. Including this 40?

Mr. CALABRESE. Well, the minute book reflects 195 shares were issued. We don't know whether 40 shares were from the 195 or whether 40 shares additionally were to be issued, because we have never seen the stock certificate book, Senator.

The CHAIRMAN. You have not seen the book, and therefore, do not know?

Mr. CALABRESE. No; except for what their records show.

The CHAIRMAN. Their records show that a total of 195 shares were issued; is that right?

Mr. CALABRESE. According to their minute book; yes.

The CHAIRMAN. According to their minute book. Now, whether the 40 shares that were put in trust were included in that 195 you do not know. They may have been over and above the 195?

Mr. CALABRESE. They could have been, Senator.

The CHAIRMAN. You have no way of determining from the records available to you?

Mr. CALABRESE. No, Senator.

Mr. KENNEDY. Can we have the trust agreements made an exhibit, Mr. Chairman?

The CHAIRMAN. That may be made exhibit No. 31.

(Documents referred to were marked "Exhibit No. 31" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Next is a letter of April 11, 1951, which I do not think it is necessary to read into the record, but we might make it an exhibit.

The CHAIRMAN. You have a letter there of April 11, 1951, from Allen Creitz to Mr. Maris?

Mr. CALABRESE. To Mr. Harland Maris; yes, sir.

The CHAIRMAN. That may be made exhibit No. 32.

Letter referred to was marked "Exhibit No. 32" for reference and will be found in the appendix on p. 18088.)

Mr. KENNEDY. For the present moment, Mr. Chairman, the next letter is the most important letter, the one of April 12, 1951.

The CHAIRMAN. Do you have a letter of April 12, 1951?

Mr. CALABRESE. I do, Senator.

The CHAIRMAN. From whom to whom?

Mr. CALABRESE. It is a letter from Mr. Allen Creitz to Mr. Harland Maris at the Thunderbird Ranch and Country Club, Palm Springs, Calif.

The CHAIRMAN. That may be made exhibit No. 33.

(Letter referred to was marked "Exhibit No. 33" for reference and will be found in the appendix on p. 18089.)

Mr. CALABRESE. It reads:

DEAR HARLAND: This morning I have had several conversations with Harry Chaddick—

and Mr. Chaddick is the employer trustee, one of the employer trustees of local 710—

in reference to the over-the-road group experience. Harry Chaddick finally contacted Roy Pride, who is secretary of the association, and here are some figures that may flabbergast you as they did me.

13 months' experience:

Premiums -----	\$1, 552, 372
Claims paid, 26.15 percent -----	406, 000
Reserve, 4.83 percent -----	75, 000
Cash refund, 16.1 percent -----	250, 000

You will see by the above figures that the total amount paid in claims, refunds, and reserves equals \$731,000. Therefore, the amount retained by the insurance company is \$821,372, or an actual percentage of 52.91 percent. Harry Chaddick was quite put out that he had not received the correct figures to begin with. However, it is pretty hard to understand just what he is driving for in the form of refund or reduced premium.

I called Frank Brown and relayed all this information to him. Frank told me he wanted to see you before you talked to Chaddick and the employers' trustees. Frank indicated that he did not give a damn what Chaddick thought, he was still the one to make the decisions.

Mr. KENNEDY. Would you read that sentence again?

Mr. CALABRESE. It reads:

Frank indicated that he did not give a damn what Chaddick thought, he was still the one to make the decisions.

From this you can certainly see that our position is gradually getting more favorable. Harry Chaddick told me he was going to Washington, D.C., the week of April 23, and, therefore, he would like to get this settled once and for all on Friday, April 20, that is providing you can make it. Frank Brown wants you to see him before you give Chaddick any information. Therefore, I feel that it would be well to clear up this trustee problem on Friday, April 20. Frank Brown is definitely not interested in a reduced premium, even though Harry Chaddick is.

The CHAIRMAN. Brown is trustee for the union and Chaddick is trustee for the employers; is that correct?

Mr. CALABRESE. Brown is the president of the union.

The CHAIRMAN. But he is trustee of this fund for the union.

Mr. CALABRESE. Either Mr. O'Brien and Mr. Healy, M. A. Healy. Brown is not the trustee. He is the president. That should be corrected, Senator. He is the president of the local and president of the joint council.

The CHAIRMAN. Well, Brown had an interest in this company, didn't he?

Mr. CALABRESE. Yes.

Mr. KENNEDY. But he was president of the union whose members were involved.

The CHAIRMAN. I understand.

It says here—

Brown is definitely not interested in a reduced premium.

Mr. CALABRESE. That is correct.

The CHAIRMAN. If he is president of the union, concerned about the welfare of the employee, and as the figures show here they were paying more than twice as much as necessary to support the contract, he should have been interested in a reduced premium.

Mr. CALABRESE. Of course.

The CHAIRMAN. But apparently the reason for not being interested in a reduced premium is because the commission is based on the amount of premium paid.

Mr. CALABRESE. That is correct.

The CHAIRMAN. It is out of the commission that the Dearborn Co., of which he had an interest in, made the profits?

Mr. CALABRESE. That is correct.

The CHAIRMAN. We do not see anything here in refund of commissions anywhere, do we? That is, where any part of the commission was refunded?

Mr. CALABRESE. Not at all.

The CHAIRMAN. So if they can keep the premium up like this, to more than twice what is necessary to carry the whole load and collect a commission on it, that is to his advantage individually; whereas, it would be to the advantage of the union members and of the union treasury or the welfare fund treasury to get the premium reduced in proportion to what the normal and proper charge would be for the service.

Mr. CALABRESE. That is correct, Senator.

Senator MUNDT. Did this contract call for the union paying part of the premium?

The CHAIRMAN. No.

Senator MUNDT. I thought the premium was paid by the employers.

Mr. CALABRESE. The employers; that is correct.

Senator MUNDT. So I think, Mr. Chairman, what was happening here is that the employers were being hijacked.

The CHAIRMAN. But if you are going to charge them that much premium, you can spend that much premium to buy them that much more benefits. You just spend double and get double the benefits. It is just like buying insurance. If you have \$100 to buy a policy, you can buy so much insurance. If you have \$200, you can buy twice that much insurance.

Senator CAPEHART. Who got the cash refund of \$250,000? The employers?

Mr. CALABRESE. I am sorry?

Senator CAPEHART. Who got the cash; the refund?

Mr. CALABRESE. I would say it would have gone to the health and welfare fund, Senator. That was the experience rating refund that would go back to the health and welfare fund, which, of course, would inure to the benefits of the union members.

Mr. KENNEDY. Would you read the rest of this? The letter is very significant.

Mr. CALABRESE. It reads:

I think we could possibly gain a little prestige if we would be in a position to make some sort of an offer on an increased benefit or, in other words, give

them a little ballyhoo that they can pass on to the employers. I feel quite sure that you will want to hide these figures and how authentic they are, I have no way of verifying the actual computations. I checked with the Illinois Insurance Department and the Union Casualty statement—

that is Allen Dorfman—

has not been received. However, they felt it would be in this week. I will again check with them this afternoon and if the figures are here, I will enclose them with this letter.

Mr. KENNEDY. And—

Otherwise, I will mail a copy to your Oakland office, a copy to Jack Dandy but marked personal for you—

Mr. CALABRESE (reading) :

and one to the Palm Springs address. In that way, you should be assured of being able to pick up at least one copy in any one of the three places.

Mr. KENNEDY. This was written by Allen L. Creitz, regional group supervisor for the Occidental Insurance Co.?

Mr. CALABRESE. That is right.

Mr. KENNEDY. He is the one that points out about keeping the figures quiet, giving a little ballyhoo to pass on to the employers, to hide the figures, and how authentic they are?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. That all comes out of the Occidental Insurance Co., an employee of the Occidental Insurance Co.?

Mr. CALABRESE. Yes; that is right.

Mr. KENNEDY. We have other letters, Mr. Chairman, that we will probably put in at a later time.

The CHAIRMAN. Is there anything further with this witness at present?

Are there any questions of the witness?

If not, thank you very much.

The committee will stand in recess until 10:30 in the morning.

(Members of the select committee present at the taking of the recess were Senators McClellan, Mundt, and Capehart.)

(Whereupon, at 3:50 p.m., the select committee recessed, to reconvene at 10:30 a.m., on Wednesday, March 18, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, MARCH 18, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; Alphonse F. Calabrese, investigator; Martin S. Uhlmann, investigator; Jack S. Balaban, investigator; James F. Mundie, investigator; John D. Williams, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan and Capehart.)

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Wrixon.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WRIXON. I do.

TESTIMONY OF L. W. WRIXON

The CHAIRMAN. State your name, your place of residence, and your profession or occupation, please.

Mr. WRIXON. My name is L. W. Wrixon, W-r-i-x-o-n. I am an attorney, admitted to practice in the State of California. My office is at 120 Montgomery Street, San Francisco.

The CHAIRMAN. Thank you.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, Mr. Wrixon is the first of some five or six witnesses that we expect to hear this morning in connection with attempting to obtain more information regarding the involvement of any of these union officials in the Dearborn Insurance Agency.

Mr. Wrixon, you did some work, did you not, for the Dearborn Insurance Agency?

Mr. WRIXON. I did some work for Mr. Maris and the Dearborn Insurance Agency; yes.

Mr. KENNEDY. When did you start performing services for them?

Mr. WRIXON. May I state something for the record, Mr. Kennedy, first?

The CHAIRMAN. All right; go ahead.

Mr. WRIXON. Thank you.

I would like to say that as an attorney, I originally invoked the privilege of not furnishing my file or any evidence concerning this matter. But I was released from the privilege by Mr. Maris, and he has indicated that he wanted me to testify here.

I would like to have it made clear in the record that I am doing it on the basis of a release by him of the privilege.

The CHAIRMAN. As I understand it, the information the committee may want from you, part of it at least, would come within the privilege status of information between client and counsel; is that correct?

Mr. WRIXON. I would think that all of it would come within that privilege, sir.

The CHAIRMAN. At least some of it would.

Mr. WRIXON. Yes, sir.

The CHAIRMAN. And until you did secure from your client the authority to testify with respect to the confidential or what might be confidential communications between you, you declined to give the information to the committee, as I understand it. But now you have been released by your client; in other words, you have been advised that the client waives the privilege?

Mr. WRIXON. That is correct, sir.

The CHAIRMAN. All right. Now the record is clear. Proceed.

Mr. KENNEDY. When did you begin to do some work for Mr. Maris and the Dearborn Insurance Agency?

Mr. WRIXON. I would say it was in about 1949.

Mr. KENNEDY. I would like to ask you about some of these documents.

First, I present to you a document dated January 5, 1950. I believe this has already been made an exhibit.

The CHAIRMAN. What you are presenting now, I believe, is exhibit No. 23.

The Chair presents to you exhibit No. 23 for your inspection, sir. (The document was handed to the witness.)

Mr. WRIXON. I have reviewed it.

The CHAIRMAN. Do you recognize exhibit 23 as being a letter from you to Mr. Maris, dated January 5, 1950, together with an enclosed draft of a proposed contract?

Mr. WRIXON. Yes, sir.

Mr. KENNEDY. First let me ask you the general question, Mr. Wrixon, did you have any information that there were any union officials involved in the Dearborn Insurance Agency?

Mr. WRIXON. I have no recollection of any conversation relating to union officials; no.

Mr. KENNEDY. Did you have any information of any kind that there were union officials involved in the Dearborn Insurance Agency?

Mr. WRIXON. I can recall nothing that was brought to my attention along that line.

Mr. KENNEDY. Did Mr. Maris ever speak to you about Mr. Brown, Mr. O'Brien, or Mr. Blakely, in connection with the Dearborn Insurance Agency?

Mr. WRIXON. I won't say that the names might not have been mentioned. My recollection at this time is just totally indistinct on that point. They might have been mentioned, but I have no recollection at this time of them being mentioned.

Mr. KENNEDY. On this letter dated January 5, 1950, it states there is a contract attached. I read from paragraph 2, page 1:

Contractor agrees to furnish agency with contracts among local union officers and employees located in the State of Illinois who are affiliated with the Hotel and Restaurant Employees' International Union and contractor further agrees that he will provide agency and its officers and employees with such assistance as he is legitimately able to furnish, directed toward the sale and installation by agency of welfare plans involving the issuance of insurance contracts as required by said plans.

Do you know for whom this employment contract was written?

Mr. WRIXON. I have no idea.

Mr. KENNEDY. Was it ever mentioned that Mr. Vacey or Mr. Blakely were to be placed on the payroll of the Dearborn Insurance Agency?

Mr. WRIXON. I have no recollection of those names being mentioned.

Mr. KENNEDY. Why was this clause No. 8, on page 3:

The parties hereto hereby agree that the services to be performed by contractor, the officers, or employees of agencies are confidential or personal in character and from and after the date hereof, each party hereby agrees that he, as the case may be, will not directly or indirectly disclose to any other firm, person, corporation or organization the names of any firms or officers contacted hereto in connection with the installation or selling of welfare plans any of the methods or procedures employed in devising or installing welfare plans.

Mr. WRIXON. I have no recollection at this time. I can only speculate on what might have been the reason for the inclusion of that clause.

Mr. KENNEDY. Were you instructed to put that clause in there?

Mr. WRIXON. I would assume that something was said that caused me to include that clause in there.

Mr. KENNEDY. Then we have on page 4, as part of paragraph 9:

Agency is primarily interested in the end to be accomplished through contractor's efforts and not as to the means used by contractor in the attainment of those ends.

Were you instructed to place that in there?

Mr. WRIXON. No. I think that that would be language that would be put in the contract exclusively on my own volition because the purpose of that clause would be to establish the fact that the contracting parties were independent contracts, and that one was not the agent of the other, under the theory, at least, as I understand the law, that the end to be accomplished is indicative of the independent contractor relationship rather than the agency relationship.

The CHAIRMAN. I have practiced a little law, but I have never heard of an independent contractor provision described or defined in that manner before.

Mr. WRIXON. Well, that is a matter of opinion, sir.

The CHAIRMAN. It is a matter of opinion. I just stated that fact. I know you can declare in your contract some provision clearly setting

forth the fact that it is intended to create an independent contractor relationship, but I have never heard that term used, that you are not concerned about the means to the end.

Mr. WRIXON. My understanding, sir, and the purpose that I am sure that I had in mind in inserting the clause is that if the means by which the work is to be done is under the control of the other contracting party, the party is considered to be the agent of the other party; whereas, if the contracting party, in this case Dearborn, was interested in the end result, there would be less basis for regarding the other contracting party as the agent.

The CHAIRMAN. I know the issue as to the question of law involved and what you say you were undertaking to establish in the contract. But I just had never heard that expression used in doing so before. That is a novel one for me, in my limited experience.

Proceed.

Mr. KENNEDY. I want to call to his attention now, Mr. Chairman, the letter dated February 2, 1951.

The CHAIRMAN. Is that exhibit No. 29?

Mr. WRIXON. May I make a statement, sir?

The CHAIRMAN. Yes.

Mr. WRIXON. I don't know whether there are any further questions to be asked concerning the exhibit that has been handed me, No. 23, but I would like to state for the record that so far as I am aware the instrument was exclusively a draft of a proposed contract, and I have no knowledge that the instrument either in the form submitted or in any other form was ever executed.

The CHAIRMAN. That is what it says, what the letter says. Now you are stating under oath you have no knowledge as to what became of it from there on, whether it was used, whether it was adopted, whether your suggestions to your client were carried out or not.

You do not know? Is that what you are saying?

Mr. WRIXON. That is correct, sir.

The CHAIRMAN. You do not know whether a contract was ever entered into or not?

Mr. WRIXON. That is correct.

The CHAIRMAN. And if so, you don't know whether this form or the suggested draft that you submitted was used?

Mr. WRIXON. That is correct, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Now we will discuss the February 2, 1951, letter.

The CHAIRMAN. Very well.

The Chair presents to you exhibit No. 29 for your examination, Mr. Wrixon.

(The document was handed to the witness.)

Mr. KENNEDY. I just have two questions I want to ask you in connection with that letter. Have you examined it?

Mr. WRIXON. Yes.

Mr. KENNEDY. It states in the minutes of special meeting of the board of directors of Dearborn Insurance Agency, Inc., the draft of which was evidently drawn up by you according to the covering letter:

All of the directors were present and acting, to wit, Harland R. Maris, Frank Brown and Elmer Crane.

Were you aware that Frank Brown was a union official?

Mr. WRIXON. No, sir.

Mr. KENNEDY. From whom did you receive his name as being a member of the board of directors of the Dearborn Insurance Agency?

Mr. WRIXON. I received it from Mr. Maris, I assume. My recollection at this time I cannot say for certain, but I assumed that I received it from Mr. Maris.

The CHAIRMAN. Was Mr. Maris the man that you really had the contact with in your professional relations with the company?

Mr. WRIXON. Exclusively.

The CHAIRMAN. With him exclusively?

Mr. WRIXON. Yes, sir.

Mr. KENNEDY. He did not inform you that Mr. Brown was a union official?

Mr. WRIXON. I can't say positively whether he mentioned it or not. He may have. At this moment I have no recollection of it being mentioned.

Mr. KENNEDY. What is the reason that the covering letter is dated February 2, 1951, and the minutes are for June 1950?

Mr. WRIXON. My recollection on that point is that I was asked to prepare the minutes of a meeting of June 9, 1950, and very likely was furnished with a memorandum or a statement as to what transpired at the meeting, and was asked to draft a proposed set of minutes for the meeting, which I did.

Mr. KENNEDY. Why would it be that much later, some 6 or 7 months later?

Mr. WRIXON. Well, I can't answer that. If I may volunteer something, I didn't consider it significant and don't consider it significant now.

Mr. KENNEDY. You don't have any explanation as to why it was handled in that fashion?

Mr. WRIXON. No.

Mr. KENNEDY. That is, why the delay of some 6 or 7 months?

Mr. WRIXON. No, sir.

Mr. KENNEDY. Now I want to ask you about another document dated February 2, 1951.

The CHAIRMAN. The Chair presents to the witness exhibit No. 30 for his examination.

(The document was handed to the witness.)

Mr. KENNEDY. Mr. Wrixon, have you seen the letter?

Mr. WRIXON. Yes.

Mr. KENNEDY. This is a letter written to Mr. Jerome Schultz, in Chicago, Ill. Who is Mr. Schultz?

Mr. WRIXON. Well, he had some connection with Mr. Maris, and, I presume, the Dearborn Insurance Agency, but I don't know his relationship.

Mr. KENNEDY. In this letter, Mr. Maris states:

Enclosed is a copy of a letter from Mr. Wrixon to me in response to several questions I asked him concerning Dearborn. I am forwarding it to you so that if you concur it will be a basis for our 1951 plans. There is one more point which Mr. Wrixon did not deal with in his letter, but I am sure you will be relieved to know of our decision. There are 40 shares of stock issued to two trust numbers at the La Salle National Bank, which were never completed. Each certificate is for 20 shares, but I am quite certain that the 20 shares in each instance

would concern more than one individual, so I have asked the holders to do the following things:

1. Send the two 20-share certificates to me and we will cancel them. Then we will issue, say, four 10-share certificates to L. W. Wrixon, who in turn will endorse them, making them free stock as you suggested and immediately mail them to the proper individuals.

First, who were the "proper individuals"?

MR. WRIXON. I have no knowledge. The comments that are made in the letter were never carried out. I never saw any stock certificates of the Dearborn Insurance Agency, and none of the matters which are referred to in the letter of February 2 were ever carried out insofar as the comments relate to stock certificates and to me.

MR. KENNEDY. Had Mr. Maris had these conversations with you as to the procedure that was to be followed in connection with this stock?

MR. WRIXON. Again, I will have to say that I personally at this time do not recall the conversation that is alluded to by Mr. Maris in his letter to Mr. Schultz. But as I told you previously, since Mr. Maris has referred to it in a letter, I will accept his statement of it and assume that my memory is deficient in that respect.

MR. KENNEDY. Who did he state to you would be the proper individuals who were to receive the stock?

MR. WRIXON. I have no recollection of the mention of any individuals in connection with the shares of stock referred to in the letter of February 2.

MR. KENNEDY. He states, of course:

Then we will issue, say, four 10-share certificates to L. W. Wrixon, who in turn will endorse them, making them free stock as you suggested and immediately mail them to the proper individuals.

2. When dividends are paid, they will, of course, be made to L. W. Wrixon. He in turn will endorse the checks, forward them to the proper people and notify the Treasury Department that he has acted as attorney for the individuals and give the Treasury Department the amount of the dividends upon which tax should be paid by the actual owners of the stock.

Did he mention this procedure to you that he was intending to follow?

MR. WRIXON. Well, as I say, at this moment I have no independent recollection of discussing it, but I rather think that it must have been discussed because the letter was written at a date that approximates the assumed discussion, and I will accept that rather than my own recollection.

MR. KENNEDY. Were Mr. O'Brien, Mr. Blakely, and Mr. Brown three of the individuals who were to receive the stock?

MR. WRIXON. I have no recollection of any names of any individuals who were to be the owners, the beneficial owners, of the shares.

MR. KENNEDY. You can't remember anything about any conversations you had along these lines with Mr. Maris?

MR. WRIXON. I can't remember any reference to any names; no, sir.

THE CHAIRMAN. The three you mentioned are labor officials?

MR. KENNEDY. Yes, Mr. Chairman.

This, Mr. Chairman, sets out the procedure that was to be followed, and the earlier letter, the one immediately preceding this, also involves Mr. Wrixon, and sets out the fact that Mr. Brown was on the Board of Directors and, of course, Mr. Brown was a union official at that time.

The CHAIRMAN. Did you know that Mr. Brown, mentioned in the letter, was a union official at the time?

Mr. WRIXON. No, sir.

The CHAIRMAN. You did not have such information?

Mr. WRIXON. No, sir.

The CHAIRMAN. When did you first learn that he was an official of the union?

Mr. WRIXON. I would be inclined to say that the first time I recall that would be when Mr. Calabrese came to my office some months ago and interrogated me concerning this matter.

The CHAIRMAN. What happened to this arrangement or this plan that is set forth in exhibit No. 30, the letter of February 2, 1951, to Schultz?

Mr. WRIXON. Nothing.

The CHAIRMAN. It did not just evaporate, did it? Something must have happened. Did they decide not to go through with it or did they go through with it, or what happened to it. Do you know?

Mr. WRIXON. Nothing happened to it, as far as the execution of that program is concerned, or as far as I am concerned, nothing.

The CHAIRMAN. In other words, you have no knowledge of what happened?

Mr. WRIXON. I have no knowledge of anything that happened.

The CHAIRMAN. Did you have knowledge of this letter at the time it was written?

Mr. WRIXON. No, sir.

The CHAIRMAN. When did you first know of such a letter?

Mr. WRIXON. My recollection is the first time I heard of such a letter was when Mr. Calabrese came to my office some few months back.

The CHAIRMAN. You say nothing happened. Tell us what did happen to the 40 shares of stock, if you know.

Mr. WRIXON. I don't know anything about the 40 shares of stock.

The CHAIRMAN. You don't know whether it finally got to the proper parties or not?

Mr. WRIXON. I don't even know whether it was issued, sir.

The CHAIRMAN. That is what I say. I am just trying to get what you know about it. You don't know what happened to the 40 shares of stock referred to here?

Mr. WRIXON. That is correct. I don't even know whether 40 shares were issued.

Senator CAPEHART. They were never turned over to you?

Mr. WRIXON. No, sir.

Senator CAPEHART. No dividends were ever paid to you?

Mr. WRIXON. No, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all, Mr. Chairman.

Mr. WRIXON. Am I excused?

Mr. KENNEDY. Yes.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Chez and Mr. Schultz, Mr. Chairman.

The CHAIRMAN. Be sworn, please.

Do you and each of you solemnly swear the evidence you shall give before this Senate select cominttee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHULTZ. I do.

Mr. CHEZ. I do.

TESTIMONY OF JEROME SCHULTZ AND LAWRENCE CHEZ

The CHAIRMAN. Beginning on my left, the witness on my left, will you identify yourself by stating your name, your place of residence, and your business or occupation, please?

Mr. SCHULTZ. My name is Jerome Schultz. My residence is in Chicago. My business is a certified public accountant.

The CHAIRMAN. A certified public accountant?

Mr. SCHULTZ. Correct.

The CHAIRMAN. And you, sir?

Mr. CHEZ. My name is Lawrence Chez, of 22 West Madison Street, Chicago. I am a certified public accountant also.

Mr. KENNEDY. You did some work with the Dearborn Insurance Agency?

Mr. SCHULTZ. I did, sir.

Mr. KENNEDY. What work were you doing with them?

Mr. SCHULTZ. One thing in this connection, to set the record straight, I noted that Mr. Calabrese mentioned that I was involved with the Dearborn Insurance Agency since its formation in 1949. Actually, I was called into this picture in the latter part of 1950 in the capacity of advising on tax matters.

Mr. KENNEDY. Then you were in from 1950?

Mr. SCHULTZ. The latter part of 1950; yes, sir.

Mr. KENNEDY. I would like to show you this last exhibit.

The CHAIRMAN. The Chair presents to witness Schultz exhibit No. 30.

(The document was handed to the witness Schultz.)

The CHAIRMAN. Please examine the exhibit and state if you identify it.

Mr. SCHULTZ. I identify the letter as being one addressed to me, dated February 2, 1951.

Mr. KENNEDY. Did you receive this letter?

Mr. SCHULTZ. I have no recollection at this point of receiving the letter, but I would presume inasmuch as it was addressed to me that it was received.

Mr. KENNEDY. We will read part of that letter into the record.

Enclosed is a copy of a letter from Mr. Wrixon to me in response to several questions I asked him concerning Dearborn. I am forwarding it to you so that if you concur it will be a basis for our 1951 plans. There is one more point which Mr. Wrixon did not deal with in his letter, but I am sure you will be relieved to know of our decision. There are 40 shares of stock issued to two trust numbers at the LaSalle National Bank, which were never completed. Each certificate is for 20 shares, but I am quite certain that the 20 shares in each instance would concern more than one individual, so I have asked the holders to do the following things:

1. Send the two 20-share certificates to me and we will cancel them. Then we will issue, say, four 10-share certificates to L. W. Wrixon, who in turn will endorse them, making them free stock as you suggested and immediately mail them to the proper individuals.

2. When dividends are paid, they will of course be made to L. W. Wrixon. He in turn will endorse the checks, forward them to the proper people and notify the Treasury Department that he has acted as attorney for the individuals and give the Treasury Department the amount of the dividends upon which tax should be paid by the actual owners of the stock.

First, Mr. Schultz, did you know of the participation of any union officials in the Dearborn Insurance Agency?

Mr. SCHULTZ. I certainly did not.

(At this point Senator Mundt entered the hearing room.)

Mr. KENNEDY. Was it ever discussed with you that there would be any union officials involved in it?

Mr. SCHULTZ. Absolutely not.

Mr. KENNEDY. To whom were these stock certificates that were going to be held in the name of Mr. Wrixon going to be issued?

Mr. SCHULTZ. I never knew of their existence.

Mr. KENNEDY. In this letter, why is it stated, "but I am sure you will be relieved to know of our decision" and then he goes into the explanation as to the procedure they are going to follow. Why would you be relieved to know of that decision?

Mr. SCHULTZ. What he thought I would be relieved of in 1951 I have no recollection of at this point.

May I make this statement: This letter which purports to enclose a copy of a letter from Mr. Wrixon, this is stated as merely an excerpt. Actually the copy of the letter from Mr. Wrixon was more significant, I would think, to me, in that there were tax considerations which were my only concern. In that copy of the letter attached, which is not made a part of the exhibit, that I would be in a position to at that time, as I recall, to have considered.

Mr. KENNEDY. I don't think as far as our interests are concerned here. This letter states:

There is one more point which Mr. Wrixon did not deal with in his letter, but I am sure you will be relieved to know of our decision, and then he goes on to explain what the point is.

There are 40 shares of stock issued to two trust members of the LaSalle National Bank, which were never completed, and, of course, which we verified yesterday.

Each certificate is for 20 shares, but I am quite certain that the 20 shares in each instance would concern more than one individual, so I have asked the holders to do the following things:

Who were the holders of those shares?

Mr. SCHULTZ. I do not know anything about the holders of those shares.

Mr. KENNEDY. Didn't you inquire when Mr. Maris sent you this letter, Mr. Schultz, as to who they were and what this referred to?

Mr. SCHULTZ. Absolutely not. The only shares in existence that I knew anything about were 195 shares as per our statements per books.

Mr. KENNEDY. But where he says:

I am sure you will be relieved to know of our decision—

didn't you inquire of him as to what was involved in this matter, if this was all a mystery to you?

Mr. SCHULTZ. At this point, I never did inquire from Mr. Maris as to statements that evidently he has made. I do not at this point, and did not at that point, know of any existence of a trust.

Mr. KENNEDY. Then this whole letter was a complete mystery to you and you never inquired of Mr. Maris what it meant?

Mr. SCHULTZ. My recollection at this point is that it was.

Mr. KENNEDY. A complete mystery to you?

Mr. SCHULTZ. As to this statement of facts, if they be facts.

Mr. KENNEDY. That is what the whole letter is about.

Mr. SCHULTZ. No, it isn't.

Mr. KENNEDY. Well, the first half of the letter, the point that he is specifically trying to make with you as to the procedure that will be followed. This was all a mystery and you never inquired of him as to what it meant?

Mr. SCHULTZ. No. In the first part of the letter, where he forwards to me the copy of Mr. Wrixon's letter, which sets forth tax matters and considerations, that happens to be a three-page letter, which raises many tax considerations which I would be involved with.

Mr. KENNEDY. But he emphasizes one point:

There is one more point which Mr. Wrixon did not deal with in his letter, but I am sure you will be relieved to know of our decision.

Then he goes on that the certificates were going to be held in the names of more than one individual—

so I have asked the holders to do the following things:

You were doing some of this work for the Dearborn Insurance Agency. Did you ever inquire who the holders were going to be?

Mr. SCHULTZ. Absolutely not. I do not recall, and did not at that time know of any trust that was holding stock certificates.

Mr. KENNEDY. When he stated:

When dividends are paid, they will, of course, be made to Mr. Wrixon. He, in turn, will endorse the checks and forward them to the proper people.

Did you inquire who the people were?

Mr. SCHULTZ. Absolutely not.

Mr. KENNEDY. You keep saying absolutely not.

Mr. SCHULTZ. In that this is a mystery to me as to this reference to stock certificates which, to my recollection, were never issued.

Mr. KENNEDY. When the point was raised with you regarding the procedure that was going to be used and the stock certificates that were going to be issued in the names of certain individuals you did not inquire as to any of this?

Mr. SCHULTZ. My files don't even indicate a reply to this letter.

The CHAIRMAN. Let me ask you this, Mr. Schultz: Would the information stated in this letter be essential and necessary for you to have if you correctly performed your duties as auditor for the firm, or as accountant?

Mr. SCHULTZ. In connection with one of the tax matters discussed in the letter of Mr. Wrixon, yes, it would have been pertinent.

The CHAIRMAN. It would have been pertinent?

Mr. SCHULTZ. Yes.

The CHAIRMAN. In other words, the information being referred to here was pertinent in connection with proper tax returns?

Mr. SCHULTZ. That is right.

The CHAIRMAN. And as the accountant for the firm, it would be essential or important for you to have that information so that you could correctly perform your services?

Mr. SCHULTZ. That is correct.

The CHAIRMAN. Then since it is called to your attention here, and you said it is all a strange matter to you, it seems curiosity would say, "Why didn't you inquire into it?" If this is all new to you, if it does pertain to the tax matters that you look after, which are part of your duties; if you don't understand it, wouldn't you naturally inquire into it?

Mr. SCHULTZ. I would have considered it. At this point, 8 years later, my recollection is that it never became a problem.

The CHAIRMAN. You don't know what happened?

Mr. SCHULTZ. I don't know what happened.

The CHAIRMAN. You do not know whether the stock was issued?

Mr. SCHULTZ. That I do not know.

The CHAIRMAN. You do not know who got it?

Mr. SCHULTZ. The stockholders, to my information, were the 195 shares.

The CHAIRMAN. What do your records show about other stock being issued?

Mr. SCHULTZ. Our records just show the issuance of 195 shares.

The CHAIRMAN. Do they show anything pertaining to these 40 shares that the letter refers to?

Mr. SCHULTZ. Absolutely not.

The CHAIRMAN. Do you have this original letter in your file?

Mr. SCHULTZ. Yes; I had this letter in my files.

The CHAIRMAN. What do your files show as to the disposition you made of the letter? Where is your reply to it?

Mr. SCHULTZ. There was no reply to it in my files. The original of this letter was in my files, however, and made available to the Senate investigators.

Senator MUNDT. Mr. Chairman?

The CHAIRMAN. Senator Mundt.

Senator MUNDT. You say you never replied to this letter?

Mr. SCHULTZ. No; I did not, sir.

Senator MUNDT. The letter asks you specifically for some information, which I assume you would not just ignore. The letter says:

Will you please run a calculation on the basis of \$75,000 taxable income on a 77-percent basis with our present 115 shares of stock, with 40 shares held silently, as against a 47-percent tax ratio, with an additional 20 shares of stock going to the active shareholders.

He asks you specifically for a service to be rendered. Did you just ignore that, then?

Mr. SCHULTZ. No. In reviewing the letter, Senator, I notice that he states that he expected to be in Chicago on the 5th or 6th of March, which year was in 1951. So I assume I did see him.

Senator MUNDT. Then you did answer the letter, but you answered it verbally instead of direct?

Mr. SCHULTZ. I would assume so, sir.

Senator MUNDT. Can you recapture for the committee what you told him when you answered the letter verbally?

Mr. SCHULTZ. I would have no recollection.

Senator MUNDT. You should be able to refresh your memory by reading the copy of the letter he wrote you, which you have before you.

Mr. SCHULTZ. I have read it and reread it, sir.

Senator MUNDT. It is a little different type of letter, I presume, from what you ordinarily get from your reputable business concerns; is that right?

Mr. SCHULTZ. It is a different letter.

Senator MUNDT. It is a little different type. It has undertones and overtones which an accountant, who is used to looking for these things, would naturally catch when he reads it, I am sure.

Mr. SCHULTZ. Well, the tones were taken on in later developments, I would assume.

Senator MUNDT. Well, I don't know. I am trying to find out what the developments were on March 5 and 6, when you say you answered the letter verbally.

Mr. SCHULTZ. I would have answered the tax problems as set forth in Mr. Wixon's letter, which were normal—

Senator MUNDT. You have a pretty good address there in Chicago where you work. I imagine you have had considerable experience in the field in which you have specialized. I was not here when your biography was read into the record, but I am pretty sure that is the case.

I would like to ask you about another sentence in the letter.

In any extracurricular commitments, if we have to run them straight through the books, 47 percent is more advantageous than 77 percent.

What did that letter mean to you as an experienced accountant?

Mr. SCHULTZ. I have no comment on what he meant by extracurricular commitments.

Senator MUNDT. Nobody knows what he meant. I asked, "What did it mean to you?" You are able to read and interpret those things. It had some impression upon you. What did it mean to you?

Mr. SCHULTZ. I have no recollection of what it meant to me, Senator.

Senator MUNDT. When you read a letter, don't you try to interpret what the letter means? That is a pretty good customer of yours. It must have meant something.

Mr. SCHULTZ. Well, I am reading it in 1959.

Senator MUNDT. That wouldn't make a difference. This is a client of yours, a pretty good sized client, with a lot of business. He writes you a letter and certainly you do not casually discard the letter without trying to figure out what he was trying to tell you. What did you figure out he was trying to tell you?

Mr. SCHULTZ. Well, on that client, a pretty good client, my fee was \$50 a month, and not too much time would I have spent on any considerations which would have been complicated or more out of the ordinary realm of tax matters. This would not have excited my interest, as I look at it now.

Senator MUNDT. Well, even for \$50 a month, if a client of yours is a fellow doing a substantial business, a young man like you interested in advancing the success of his firm, I presume would give the best service he can, because you might get a bigger piece of this man's accounting business. It is kind of hard to figure out that you would discard the letter in one place, say: "I am not going to answer that, I am

going to see him someplace on the 5th or 6th, he doesn't say where or when, except he is going to be in Chicago," and then in the next sentence you say "Here is something I don't understand, I will not ask him for a dilution of it, an explanation of it. It doesn't mean anything to me, so I will just ignore it."

You have no explanation?

Mr. SCHULTZ. None, sir.

Senator MUNDT. What do you suppose he meant in the next paragraph, that—

Mr. Wrixon is preparing the minutes for Dearborn in rather a rough manner as he doesn't pretend to practice Illinois law, but I suggested to him what we wanted.

What do you suppose he meant by that first person pronoun "we"? Schultz and Maris?

Mr. SCHULTZ. It wasn't Schultz.

Senator MUNDT. How would you know? What does it mean? He writes to you and he says "we." Unless he means himself and his tapeworm, he is only one. What would he mean?

Mr. SCHULTZ. I wouldn't know what he meant.

Senator MUNDT. Well you must have some idea about this letter. I am sure you knew when he gave the salutation "Dear Jerry," he meant you, didn't he?

Mr. SCHULTZ. That is fair enough.

Senator MUNDT. That far in the letter you knew what he was talking about?

Mr. SCHULTZ. Yes, sir.

Senator MUNDT. But the rest of the letter is all blank to you?

Mr. SCHULTZ. I cannot recall at this moment.

Senator MUNDT. At this point he slipped into Chinese or some foreign language and you understood nothing?

Mr. SCHULTZ. Well, we are back to the collective pronoun "we," he mentions Mr. Wrixon is preparing the minutes for Dearborn, "but I suggested to him what we"—and I don't know grammatically. However, it could have well been to the two individuals mentioned.

Senator MUNDT. To me it means Schultz and Maris. I don't know what it means to you.

Mr. SCHULTZ. To me it doesn't mean Schultz.

Senator MUNDT. He is writing to you and he says "we."

Mr. SCHULTZ. Well, I didn't want anything that I can recall.

Senator MUNDT. If I write you a letter and say, "Dear Jerry, why don't we go fishing tomorrow?" who do I mean? Myself and someone else?

Mr. SCHULTZ. In that regard, I probably would go fishing.

Senator MUNDT. It would seem that way to me. If he writes to you and says "we," I think he means you. I don't know. I am trying to find out. I guess you spent more time in studying arithmetic than you did grammar, so you are a better authority on accounting.

Senator CAPEHART. Mr. Chairman?

The CHAIRMAN. Senator Capehart.

Senator CAPEHART. This letter of February 2 which we have been discussing was written from California?

Mr. SCHULTZ. That is correct, sir.

Senator CAPEHART. Have you ever been an employee of the Dearborn Insurance Co.?

Mr. SCHULTZ. I have never been employed by the Dearborn Insurance Co.

Senator CAPEHART. Have you ever been an officer of the Dearborn Insurance Co.?

Mr. SCHULTZ. I never have.

Senator CAPEHART. You were purely an independent operator in that you did work for them from time to time for which they paid you a fixed fee?

Mr. SCHULTZ. That is correct.

Senator CAPEHART. Did you ever have an office inside of their offices?

Mr. SCHULTZ. Absolutely not.

Senator CAPEHART. And this letter that is under discussion was mailed to you from California?

Mr. SCHULTZ. I would presume so, yes. I don't have the original.

Senator CAPEHART. Did you own any stock in the Dearborn Co.?

Mr. SCHULTZ. No; I did not.

Senator CAPEHART. Did you have any commission arrangement with the Dearborn Co.?

Mr. SCHULTZ. I did not.

Senator CAPEHART. You were simply a certified public accountant who did work for them from time to time?

Mr. SCHULTZ. That is correct.

Senator CAPEHART. You did not make any of the policies of the business?

Mr. SCHULTZ. I did not.

Senator CAPEHART. You did whatever they asked you to do?

Mr. SCHULTZ. In my capacity; yes.

Senator CAPEHART. As a CPA?

Mr. SCHULTZ. As an accountant.

Senator CAPEHART. And they paid you for it?

Mr. SCHULTZ. That is correct.

Senator CAPEHART. You have no recollection of having answered this letter?

Mr. SCHULTZ. Absolutely not.

Senator CAPEHART. Do you have any recollection of having discussed the matter with Mr. Maris when he came to Chicago?

Mr. SCHULTZ. I do not have any recollection along those lines.

Senator CAPEHART. That is all.

Mr. KENNEDY. You are a certified public accountant?

Mr. SCHULTZ. Yes, sir.

Mr. KENNEDY. Licensed to practice in Illinois?

Mr. SCHULTZ. Yes, sir.

Mr. KENNEDY. How long have you been licensed to practice?

Mr. SCHULTZ. Approximately 15 years.

Mr. KENNEDY. Have there been any payments from the Dearborn Insurance Agency to any of the employees of any of these unions? Do you know about that, Mr. Chez?

Mr. CHEZ. Yes; on several occasions, spanning a period of 2 or 3 years, as I recall it, there were some payments made to the women employees of various locals around Christmastime in appreciation of services they had rendered during the year.

Mr. KENNEDY. Mr. Chez, you are associated with Mr. Schultz in the accounting business?

Mr. CHEZ. We are partners; yes.

Mr. KENNEDY. You have handled some of the books of the Dearborn Insurance?

Mr. CHEZ. Yes, sir; I have.

Mr. KENNEDY. Specifically, most of these payments have ranged around \$25; is that right?

Mr. CHEZ. Well, they would vary in amount, depending on the individual involved.

Mr. KENNEDY. Have most of them been in the range of some \$25 at Christmastime?

Mr. CHEZ. Well, I can recall some that have gone to \$10, \$150, regularly. In some cases they were in excess of that.

Mr. KENNEDY. Did you make any checks out to Miss Laverne Murray?

Mr. CHEZ. Yes, sir.

The CHAIRMAN. I present to you three photostatic copies of checks. The first is dated December 21, 1955, in the amount of \$100, made payable to Laverne Murray and given by Dearborn Insurance Agency. The second is dated December 13, 1956, to the same payee, in the amount of \$250, drawn on the account of Dearborn Insurance Agency. The third is dated December 13, 1957, made to the same payee, drawn on the Dearborn Insurance Agency, in the amount of \$500.

I ask you to examine the three photostatic copies and see if you identify them as the checks, as copies of the checks, that you issued or drew for the company.

(The documents were handed to the witness Chez.)

Mr. CHEZ. Yes; I can identify them as checks drawn on the Dearborn Agency account. The check issued in 1955 was not issued by me, however. The two in 1956 and 1957 were issued by me.

The CHAIRMAN. Issued by you as accountant for the company?

Mr. CHEZ. That is right.

The CHAIRMAN. The checks may be made exhibits 34A, B, and C. (Checks referred to were marked "Exhibits Nos. 34A, 34B, and 34C," for reference and will be found in the appendix on pp. 18090-18092.)

Senator CAPEHART. When you say "issued by you," what do you mean by "issued by you"?

Mr. CHEZ. The checks would be prepared in my office.

Senator CAPEHART. In other words, you physically made out the checks?

Mr. CHEZ. That is right.

Senator CAPEHART. You handled it and wrote it on the typewriter?

Mr. CHEZ. That is right.

Mr. KENNEDY. On whose instructions did you issue those checks?

Mr. CHEZ. All of these checks were issued on the instructions of the partners of Dearborn.

The CHAIRMAN. By whom?

Mr. CHEZ. The partners of Dearborn Insurance Agency.

The CHAIRMAN. Who were the partners of Dearborn at the time the checks were issued?

Mr. CHEZ. Mr. Maris, Mr. Creitz, Mr. Crane, and Mr. Murray.

The CHAIRMAN. Maris, Creitz, Crane, and Murray, four partners?

Mr. CHEZ. Yes, sir.

The CHAIRMAN. Were there any others?

Mr. CHEZ. No, sir, not that I know of.

Mr. KENNEDY. Who specifically instructed you to make out this check to Laverne Murray for \$500, in December 1957?

Mr. CHEZ. As I recall, it was prepared on the instructions of Mr. Creitz. The authority for issuing it was obtained after conferring with the other partners, making sure that I had the authority to issue it.

Mr. KENNEDY. Was there any discussion as to the fact that it was a considerable amount of money, \$500?

Mr. CHEZ. I didn't question it at all.

Senator MUNDT. Is Laverne Murray a woman's name?

Mr. CHEZ. I imagine so. I don't know.

Senator MUNDT. Are Laverne Murray and Mrs. John W. Murray one and the same person?

Mr. CHEZ. No, sir. There is no relationship. There is no connection at all.

Senator MUNDT. No relationship?

Mr. CHEZ. No, sir.

Senator MUNDT. No nepotism?

Mr. CHEZ. That is right.

Mr. KENNEDY. This was Mr. Glimco's secretary; is that right?

Mr. CHEZ. I understand that.

Mr. KENNEDY. On occasion you also had issued checks to Laverne Murray's two sisters?

Mr. CHEZ. They were employed by the Dearborn Agency.

Mr. KENNEDY. They were employed by the Dearborn Agency?

Mr. CHEZ. Yes, sir.

Mr. KENNEDY. For how long a period of time?

Mr. CHEZ. I don't recall offhand.

Mr. KENNEDY. In what capacity?

Mr. CHEZ. As I recall, they were in the claim-adjusting section of the office that Dearborn maintained.

Mr. KENNEDY. Had that also been at the suggestion of Mr. Glimco?

Mr. CHEZ. I don't know.

Mr. KENNEDY. Do you know how they happened to be hired by the Dearborn Insurance Agency?

Mr. CHEZ. No, sir; I don't know.

Mr. KENNEDY. Do you know how many years they worked there?

Mr. CHEZ. I don't know for sure. I would guess in excess of 1 year.

Mr. KENNEDY. Are they still employed there?

Mr. CHEZ. No, sir.

Mr. KENNEDY. When was their employment terminated?

Mr. CHEZ. I really don't recall. I would guess in the area of 1954.

The CHAIRMAN. What services were performed for the payment of these sums?

Mr. CHEZ. I have no knowledge of that, sir.

The CHAIRMAN. As accountant for the firm, what did you charge it to?

Mr. CHEZ. It was charged to Christmas gift expense.

The CHAIRMAN. All this is a Christmas gift fund?

Mr. CHEZ. As far as I know they were.

The CHAIRMAN. I see all of them were in the month of December: December 1955, \$100; December 1958, \$250; December 1957, \$500.

Who is Laverne Murray?

Mr. CHEZ. I have no knowledge of that. I have not met the person.

The CHAIRMAN. Do you know the person personally?

Mr. CHEZ. No, sir.

The CHAIRMAN. Do you know where they work, what they do?

Mr. CHEZ. I understand she was working for Mr. Glimco.

The CHAIRMAN. Who is Mr. Glimco?

Mr. CHEZ. He is president of one of the unions in Chicago.

The CHAIRMAN. President of a union in Chicago?

Mr. CHEZ. Yes.

The CHAIRMAN. And this is the insurance company that handles the insurance for that union; is that correct, the insurance agency?

Mr. CHEZ. Yes; that is right.

The CHAIRMAN. And these checks are Christmas presents out of that agency back to Glimco's secretary; is that right?

Mr. CHEZ. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. And this was deducted, was it, as an expense?

Mr. CHEZ. Yes, sir; it was.

Mr. KENNEDY. Tell me, do you have the stock certificate book for the Dearborn Insurance Agency?

Mr. CHEZ. No, sir; I have never seen it.

Mr. KENNEDY. Do you have the stock certificate book for the Dearborn Insurance Agency?

Mr. SCHULTZ. No, sir.

Mr. KENNEDY. Have you ever seen the stock certificate book?

Mr. SCHULTZ. No, sir.

The CHAIRMAN. Have you?

Mr. CHEZ. No, sir.

The CHAIRMAN. Do you know anything about them, what became of them? We have not been able to find them.

Mr. CHEZ. I have never seen them.

The CHAIRMAN. As auditors, did you ever have occasion to check stock certificates that were outstanding?

Mr. CHEZ. No, sir.

The CHAIRMAN. Why wouldn't you?

Mr. CHEZ. We didn't make a certified audit of the Dearborn Insurance Agency. Our activities were limited to the preparation of financial statements on occasion when they required them.

The CHAIRMAN. In order to get your proper tax base, don't you have to have some records of the stock?

Mr. CHEZ. No, sir.

The CHAIRMAN. You would not have to have that?

Mr. CHEZ. No, sir.

The CHAIRMAN. I thought Mr. Schultz testified a while ago that the letter pertaining to the issuing of stock would have some meaning and would be of some necessity to him in connection with tax matters. I understood him to so state.

Am I correct?

Mr. SCHULTZ. That is correct. That was in connection with the tax consideration of qualifying as a personal service corporation under the Excess Profits Tax Act of 1950.

The CHAIRMAN. Would it be necessary for you to have access to the stock records to show what stock was outstanding, and base your reports accordingly?

Mr. SCHULTZ. No. I would accept—

The CHAIRMAN. You just take their word for it?

Mr. SCHULTZ. In posing a hypothetical tax question, yes.

Mr. CHEZ. Actually, we did not prepare the tax returns for this company for the years that would be affected by this matter.

The CHAIRMAN. You did not prepare the tax returns?

Mr. CHEZ. That is right.

The CHAIRMAN. What service did you render?

Mr. CHEZ. We were just doing some accounting work in the preparation of financial statements.

The CHAIRMAN. In preparing the financial statements, would it be necessary for you to have correct information regarding the outstanding certificates of stock?

Mr. CHEZ. Not necessarily.

The CHAIRMAN. I am not just sure just what you accountants do. I never had enough to have to make an accounting on. But I would think when you go in to audit the books of a company, a firm, that you would get pretty thorough information about the setup of it, the structure of it, in order to know how to disburse your figures when you went to make a report; an accounting report.

Mr. SCHULTZ. We rendered only statements per books as we found them, the accounting records.

The CHAIRMAN. You submitted a statement per what?

Mr. SCHULTZ. Per books, per books of records, books of account.

The CHAIRMAN. From the books as you found them?

Mr. SCHULTZ. That is right.

The CHAIRMAN. But we are trying to locate the stock certificate record.

Mr. SCHULTZ. We saw no stock certificate records.

The CHAIRMAN. You don't know whether any such thing was in existence or not?

Mr. SCHULTZ. That is correct.

The CHAIRMAN. All you know is they reported to you they had 195 shares outstanding?

Mr. SCHULTZ. That is correct.

The CHAIRMAN. And then they write you about 40 shares that they want to manipulate and you didn't answer that one; is that right?

Mr. SCHULTZ. I didn't answer that letter, according to my files.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Did you ever request to see the stock certificate book?

Mr. SCHULTZ. Not that I recall.

Mr. KENNEDY. Never during this period of time did you ask to see it?

Mr. SCHULTZ. Not that I recall, sir.

Mr. KENNEDY. You don't remember that?

Mr. SCHULTZ. No, I don't.

(At this point Senator McClellan withdrew from the hearing room.)

Senator MUNDT. Do you happen to know whether some other public accountants in Chicago made a certified annual report of the activities of the Dearborn Agency? You say you did not make out the annual report. Is that correct?

Mr. CHEZ. That is correct.

Senator MUNDT. Do you know whether any other firm of accountants did?

Mr. CHEZ. To my knowledge there was no other firm of accountants.

Senator MUNDT. Did they have an annual report for their stockholders certified to by public accountants?

Mr. SCHULTZ. No, they did not, sir.

Senator MUNDT. They did not.

Is it customary in Illinois for a concern handling the amount of business handled by the Dearborn Agency to have an annual report for the stockholders certified to by public accountants?

Mr. SCHULTZ. That would be subject to the discretion of management.

Senator MUNDT. This was a pretty closely held corporation, I take it.

Mr. SCHULTZ. It was closely held, yes, sir.

Mr. KENNEDY. Did you prepare the income tax returns? I understood you to say that you did not prepare the income tax returns.

Mr. CHEZ. I said we did not prepare them for the years 1950 and 1951 in which excess profits tax was a consideration.

Mr. KENNEDY. You have prepared them since then?

Mr. CHEZ. That is right.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator MUNDT. (presiding). That is all.

Mr. KENNEDY. Mr. Allen Creitz.

Senator MUNDT. Mr. Allen Creitz.

Be sworn, please.

Do you solemnly swear that the testimony you are about to give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CREITZ. I do.

TESTIMONY OF ALLEN L. CREITZ, ACCOMPANIED BY COUNSEL, JESSE LARSON

Senator MUNDT. State your name, please, for the record, and your place of business, your address in Chicago, and the nature of your business.

Mr. CREITZ. My name is Allen Creitz. I live in Evanston, Ill. I was employed by Occidental Life Insurance Co. up to 1 week ago, and I am now self-employed.

Senator MUNDT. Do you have anything to tell the committee about your retirement from Occidental Life? Was that a voluntary retirement?

Mr. CREITZ. It was not a voluntary retirement. It was a forced retirement because of my connections with Dearborn Insurance Agency.

Senator MUNDT. Thank you.

Your attorney is Mr. Jesse Larson.

You might tell us your address, Mr. Larson.

Mr. LARSON. I am Jesse Larson, attorney at law, 1000 Connecticut Avenue, Washington, D.C.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. Mr. Creitz, we had testimony from the previous witness in connection with these checks which were made payable to Laverne Murray. Could you tell us why, for instance, in December 1957, such a large amount of money was given to Miss Murray?

Mr. CREITZ. That was requested by Mr. Glimco. I would like to state that Miss Murray handled the complete operation of the health and welfare plan. It was stated that she had done a remarkable job, and I must say that she has done a remarkable job; that is, from the claim administration standpoint. That is the reason.

I talked to the rest of the partners that were in Dearborn. Not being a partner at that time, I requested that they approve it, which they did.

Mr. KENNEDY. She is getting paid, is she not, by the welfare fund?

Mr. CREITZ. She at present is being paid by the welfare fund. Previously, Miss Murray—an allowance was made by Occidental Life Insurance Co. which was supposed to reimburse the claim office for the clerical help.

Mr. KENNEDY. That was many, many years ago, however.

Mr. CREITZ. No, the payments were still being made by Occidental Life Insurance Co. up to about 6 months ago, or the first of the year.

Mr. KENNEDY. Was she being reimbursed by Dearborn, then?

Mr. CREITZ. No. She was being paid by the health and welfare office.

Mr. KENNEDY. Who was receiving the money from Occidental?

Mr. CREITZ. The money was made out to the health and welfare fund of 777.

Mr. KENNEDY. Mr. Glimco suggested that you give her this amount of money?

Mr. CREITZ. That is correct, sir.

Mr. KENNEDY. Did he suggest a specific figure of \$500?

Mr. CREITZ. I would like to see if we could not get the approval to give her \$500, so I asked the partners for their approval.

Mr. KENNEDY. Didn't you think that that was a considerable amount of money?

Mr. CREITZ. Well, it is larger than the rest of the girls got, but—

Mr. KENNEDY. She wasn't working for you people. She was working for the health and welfare fund and getting paid by them?

Mr. CREITZ. I know. But we still considered that Dearborn more or less had the supervision over it.

Mr. KENNEDY. That would be highly improper, as it is supposed to be an independent agency. The health and welfare fund is not supposed to be supervised by the Dearborn Insurance Agency.

Mr. CREITZ. Mr. Kennedy, the insurance agency who handles the fund can do a good job by keeping a close tab on the claims, and that is what we figured that she was doing. We thought she did a fine job on it. As long as you can keep any health and welfare

plan on an equitable basis, where the claims do not exceed the premiums, we feel that they have done a good job. That was primarily our purpose.

Mr. KENNEDY. Her purpose and her capacity is something different. She has a different interest. She is in there to make sure that the members of local 777 receive a service. She is not in there to insure that the Dearborn Insurance Agency or Occidental Life Insurance Co. are making money from this program.

Her services are quite different. The Dearborn Insurance Agency was forwarding this \$500 to her under those circumstances.

Mr. CREITZ. As I stated previously, it was the consensus of the partners that she was showing good experience, and they felt that she should be rewarded and that was the reason.

Senator CAPEHART. How many employees were there in 777, the ladies who handled the claims?

Mr. CREITZ. There were three employees.

Senator CAPEHART. No; the total number of employees participating.

Mr. CREITZ. In 777? If I were to recall a figure, I would say about 3,300.

Senator CAPEHART. About 3,300 people were insured under this one policy, and this lady, she handled all the claims?

Mr. CREITZ. No. There are three girls that handle all the claims.

Senator CAPEHART. She was one of the three?

Mr. CREITZ. That is correct.

Senator CAPEHART. What were they paid each? What were their salaries?

Mr. CREITZ. I have no idea, sir, as to what their salaries were.

Senator CAPEHART. They handled the claims for the Occidental Insurance Co.?

Mr. CREITZ. That is correct, and for the health and welfare.

Senator CAPEHART. In other words, if one of the 3,300 members of a union participating in this policy became ill or injured, they would file a claim with these three girls; is that right?

Mr. CREITZ. That is correct. They would bring the claim to that office.

Senator CAPEHART. Were the three girls authorized to write checks and pay the claims?

Mr. CREITZ. They were authorized to write the checks, but I think Miss Murray, Laverne Murray, was the only one authorized to sign the checks.

Senator CAPEHART. And the checks were written on the Occidental Life Insurance Co.?

Mr. CREITZ. That is correct.

Senator CAPEHART. There were three girls who handled the 3,300?

Mr. CREITZ. That is correct.

Senator CAPEHART. But it was the Dearborn Insurance Agency that issued the \$500 Christmas check?

Mr. CREITZ. That is correct.

Senator CAPEHART. Did they give a Christmas check to the other two girls?

Mr. CREITZ. No. Mr. Glimco thought Laverne Murray had run the office and he requested that it be handled that way. I made no further investigation as to why.

Senator CAPEHART. Who is handling the claims now for this particular union?

Mr. CREITZ. Well, there is Miss Murray and two other girls.

Senator CAPEHART. Does Occidental Insurance Co. still have the policy with this union?

Mr. CREITZ. Occidental Life still has the policy with the union.

Mr. KENNEDY. The \$500 actually was paid in order to keep the friendship of Mr. Glimco; is that right?

Mr. CREITZ. It was in order to keep the policyholder satisfied.

Mr. KENNEDY. That is the same thing.

Here are two claims I would like to ask you about briefly. One is a claim for Lucille Markov, and a claim for Ruth Pritikin. Do you know anything about those?

Mr. CREITZ. I couldn't recall those. They could have talked to me about them, but I do not recall anything now about either one of them.

Mr. KENNEDY. Do you know if they were eligible under the health and welfare?

Mr. CREITZ. Mr. Kennedy, I would have no way of knowing who was eligible, unless the claim was directly brought to my attention.

Mr. KENNEDY. Well, they are wives of union officials. Are they eligible under the plan?

Mr. CREITZ. I believe the union officials are covered under the plan.

Mr. KENNEDY. Their wives—are they eligible?

Mr. CREITZ. All the eligible dependents are covered.

Mr. KENNEDY. Did you discuss this prior to this with any of the staff members?

Mr. CREITZ. I don't recall those two claims, but if I can see them——

Mr. KENNEDY. All right.

The CHAIRMAN. I present to you photostatic copies of what appear to be two claims, as group policyholders of Taxicab Drivers Union Local 777. One is for the dependent Lucille Markov, wife of Robert S. Markov, and the other is for Ruth Pritikin, wife of William Pritikin.

I ask you to examine them and state if you identify them.

(The documents were handed to the witness.)

Mr. CREITZ. These are certainly claims.

The CHAIRMAN. They may be made exhibit No. 35-A and 35-B.

(Documents referred to were marked "Exhibits 35-A and 35-B" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Are those individuals covered?

Mr. CREITZ. Mr. Kennedy, I couldn't tell you whether the individual is covered, because the health and welfare office checks that out of their records. These claims are not paid out of our office.

Mr. KENNEDY. You have discussed both of these claims with members of the staff of this committee, have you not?

Mr. CREITZ. Well, I do not recall. But if they brought them up, I probably discussed them. They are claims as far as I know.

Mr. KENNEDY. Didn't you tell them at that time that the wives of the union officers are not covered by this?

Mr. CREITZ. Pardon me. I could have made—what date is that? What date is that on the claims?

I can't tell you when the dependent coverage was put in. If I knew the dates of dependent coverage, I could tell you.

Mr. KENNEDY. Are the union officers covered?

Mr. CREITZ. They are under the plan.

Senator CAPEHART. February 15, 1953.

Mr. CREITZ. I have no dates available with me when the dependent rates went into effect.

Senator CAPEHART. They are both February 15, 1953.

Mr. CREITZ. When the dependent coverage was added, they would be covered, but the date would have the whole thing to do with it.

The CHAIRMAN. In other words, are all of the employees, all the union members, are their dependents covered?

Mr. CREITZ. All the eligible members, their dependents were covered when the dependent coverage was added.

Senator CAPEHART. Originally, when the policy was first issued, the dependents were not covered?

Mr. CREITZ. No, sir. That was for the individuals only.

Senator CAPEHART. Then later you covered the employees and their families?

Mr. CREITZ. Covered the families later. When the employees went in—

Senator CAPEHART. You covered employees first and then at a later date—was it 2, 3, or 4 years later?

Mr. CREITZ. I don't recall the exact date.

Senator CAPEHART. In any event, you covered the employees first, and then later you covered the employees' families?

Mr. CREITZ. That is right.

Mr. KENNEDY. Were the officers of the union covered?

Mr. CREITZ. I believe they were.

Mr. KENNEDY. Who was paying their insurance premiums?

Mr. CREITZ. Their premium was paid by the 777.

Mr. KENNEDY. By the union itself?

Mr. CREITZ. Yes.

Mr. KENNEDY. Has that been true all along?

Mr. CREITZ. It is my recollection that I believe they have been covered, because there is a separate billing in for them.

Mr. KENNEDY. We will check the dates and come back on that.

I want to ask you in connection with the Dearborn Insurance Agency how long you were connected with it?

Mr. CREITZ. I was connected with the Dearborn Insurance Agency up until 1956, at which time I resigned, and according to the partnership agreement, you would receive 1 more year of partnership percentage, and officially I was out of there then in 1957.

Mr. KENNEDY. Why did you get out then?

Mr. CREITZ. For a conflict. Because I thought there would be a conflict of interest, and because the partners had found out from the surveys that we were making that Mr. Maris was receiving an override, and they were not at all happy about it.

Mr. KENNEDY. What do you mean Mr. Maris was receiving an override?

Mr. CREITZ. Over and above what the commission was to Dearborn.

Mr. KENNEDY. Who was he receiving that from?

Mr. CREITZ. Occidental.

Mr. KENNEDY. They were paying him extra money?

Mr. CREITZ. That is correct.

Mr. KENNEDY. And the Dearborn Insurance Agency partners were not aware?

Mr. CREITZ. They were not aware.

Mr. KENNEDY. When did they become aware of it?

Mr. CREITZ. About 2 years ago.

Mr. KENNEDY. They were upset and concerned about it?

Mr. CREITZ. Very much upset.

Mr. KENNEDY. What developed? They paid a visit to the Occidental Insurance Co. to protest?

Mr. CREITZ. The partners did pay a visit to the Occidental Life Insurance Co.

Mr. KENNEDY. Did you go with them?

Mr. CREITZ. No, sir.

Mr. KENNEDY. What brought about your withdrawal, then; your resignation?

Mr. CREITZ. Well, it was the conflict, and I didn't want anything to happen that would upset my relations with the company or with any of the clients that the company had.

Mr. KENNEDY. With the Dearborn or with Occidental?

Mr. CREITZ. With both.

Mr. KENNEDY. So you got out of Dearborn; is that right?

Mr. CREITZ. That is correct.

Mr. KENNEDY. Had Occidental ever known that you were in Dearborn?

Mr. CREITZ. Occidental did not know I was in Dearborn until about a year go, and I told one of the assistant vice presidents that I was in Dearborn.

Mr. KENNEDY. Who did you tell?

Mr. CREITZ. Mr. Halverson.

Mr. KENNEDY. Halverson?

Mr. CREITZ. Halverson.

Mr. KENNEDY. It was not, however, until the last week that they terminated your services with Occidental?

Mr. CREITZ. That is correct.

Mr. KENNEDY. That was because of your association with the Dearborn Insurance Agency?

Mr. CREITZ. That is right. They referred back that I had broken a rule that was published in 1953, and again published in 1955.

I recall seeing the rule in 1953. If you will refer to the file, you will find out that I endeavored to get out of the agency in 1954. Mr. Maris wanted me to stay. I was influenced to say. Then in 1956 I became determined that I had to get out of the agency.

Mr. KENNEDY. While you were in the agency, was there any discussion or talk with Mr. Maris about bringing certain union officials into the agency?

Mr. CREITZ. In the original start of the Dearborn agency, Mr. Maris felt it desirable that if he could bring in some well-known retired union officer it might help to get him more leads and that we could get more business from that particular part, if we could get some influential union retired official.

Mr. KENNEDY. Were you able to find an influential retired union official in 1949 to 1950?

Mr. CREITZ. No. There was nothing ever done about that at that time.

Mr. KENNEDY. Whom did you discuss as being a retired, influential union official?

Mr. CREITZ. Well, he thought one time that he would like to have Mr. Brown, if he retired, come in and help and get leads for us.

Mr. KENNEDY. Mr. Brown was an influential union official but he was not retired.

Mr. CREITZ. That is correct, and that is probably the reason that he didn't come in.

Mr. KENNEDY. Do you know that he did not come in?

Mr. CREITZ. I know of no one who ever come in.

Mr. KENNEDY. Well, you know of no one? Do you know whether Mr. Maris brought any union official into the company?

Mr. CREITZ. I know of no one.

Mr. KENNEDY. Can you state under oath that no union official was brought into the company?

Mr. CREITZ. I can state under oath that no union official was brought into the company. That is my best recollection.

Mr. KENNEDY. Your best recollection? Would you be in a position to know as to whether any union official had any secret ownership in this company?

Mr. CREITZ. I am only in a position to know as far as Dearborn is concerned. I know nothing of Mr. Maris' activities over and above the Dearborn.

Mr. KENNEDY. Do you know if Mr. Maris had made any arrangements with any union official to have any secret ownership of any of the stock?

Mr. CREITZ. None that I know of.

Mr. KENNEDY. Would you be in a position to know if that arrangement had been made by Mr. Maris?

Mr. CREITZ. Not necessarily.

Mr. KENNEDY. Was there any discussion with you that certain union officials would hold some stock of the Dearborn Insurance Agency in secret?

Mr. CREITZ. I had no idea of that.

Mr. KENNEDY. But was there any discussion along those lines?

Mr. CREITZ. Mr. Maris, when he first come back—well, he had so many ideas that I lost him. He used to lose me in his business dealings. He talked about so many things, Mr. Kennedy, that I actually couldn't tell you.

Mr. KENNEDY. I am not asking you about everything he discussed. I am just asking you about this one matter, whether there was discussion that certain union officials would hold a secret ownership or have a secret confidential ownership in the Dearborn Insurance Agency.

Mr. CREITZ. Well, if I recollect, he had that idea, that he probably could bring somebody in.

Mr. KENNEDY. Wasn't Mr. Brown one of the people that were going to be brought in?

Mr. CREITZ. No. That was under discussion, and I knew nothing about Mr. Brown ever having accepted any—

Mr. KENNEDY. I am asking you now—we will come to whether they accepted in a moment—wasn't there a discussion that Mr. Brown would be one of those who would be brought in?

Mr. CREITZ. Yes. Mr. Maris discussed that.

Mr. KENNEDY. And Mr. O'Brien?

Mr. CREITZ. Mr. O'Brien was never discussed with me.

Mr. KENNEDY. You never had any discussion?

Mr. CREITZ. Never.

Mr. KENNEDY. Was there any discussion about Mr. Blakely?

Mr. CREITZ. There was never any discussion about Mr. Blakely with me.

Mr. KENNEDY. Do you know if the stock was actually issued to Mr. Blakely?

Mr. CREITZ. Not to my knowledge.

Mr. KENNEDY. Would you be in a position to know whether the stock was actually issued to Mr. Blakely?

Mr. CREITZ. No, sir.

Mr. KENNEDY. Where is the stock certificate book?

Mr. CREITZ. I have never seen the stock certificate book.

The CHAIRMAN. Who had it?

Mr. CREITZ. That question has been asked a lot, Senator. I had no—

The CHAIRMAN. How many stockholders were there in the company?

Mr. CREITZ. There were five, originally.

The CHAIRMAN. Who were they?

Mr. CREITZ. Mr. Maris, Mr. Keenan, Mr. Murray, Mr. Crane, and myself.

The CHAIRMAN. What was your position in the company?

Mr. CREITZ. My position was just as a stockholder.

The CHAIRMAN. You had no official position?

Mr. CREITZ. I had no official capacity.

The CHAIRMAN. Did you get some stock? Was a certificate actually issued to you?

Mr. CREITZ. Yes, sir.

The CHAIRMAN. You did actually get a stock certificate as a stockholder?

Mr. CREITZ. I had two certificates.

The CHAIRMAN. So you do know that stock certificates were issued?

Mr. CREITZ. Yes, sir.

(At this point Senator Mundt left the hearing room.)

Senator CAPEHART. You were an employee of the Occidental Life Insurance Co.?

Mr. CREITZ. That is right.

Senator CAPEHART. You were what was known as their group manager in Chicago?

Mr. CREITZ. Correct.

Senator CAPEHART. Which meant that you had to do exclusively with the sale of group insurance?

Mr. CREITZ. That is correct.

Senator CAPEHART. Did you have an office of your own?

Mr. CREITZ. I had an office of my own.

Senator CAPEHART. Did you have a lot of salesmen or a number of salesmen working for you?

Mr. CREITZ. I did have quite a staff.

Senator CAPEHART. Selling group insurance to businesses within and around Chicago?

Mr. CREITZ. Correct.

Senator CAPEHART. How much territory did you have?

Mr. CREITZ. I had Chicago and the southern tip of Wisconsin and a little part of Indiana.

Senator CAPEHART. The group insurance sold to these labor organizations, particularly 710 and 777, were sold through the Dearborn Agency?

Mr. CREITZ. That is right.

Senator CAPEHART. These two locals, did they each year—well, what I mean is was the insurance policy or contract issued from year to year?

Mr. CREITZ. All contracts are renegotiated each year when you come to the end of a policy year.

Senator CAPEHART. In other words, they were sold just for 1 year?

Mr. CREITZ. All group insurance policies, Senator, are on a year-to-year basis.

Senator CAPEHART. Were negotiations held, then, to your knowledge, with these two locals at the end of every year in respect to renewing these policies?

Mr. CREITZ. Not only on those two. On all our health and welfare plans.

Senator CAPEHART. Did other insurance companies try to get the business away from Occidental?

Mr. CREITZ. They are after the business every day.

Senator CAPEHART. And Occidental was able to maintain the business?

Mr. CREITZ. That is correct.

Senator CAPEHART. Was that because they had a lower premium rate or gave better service?

Mr. CREITZ. Well, I think it is a combination of all. We had a good premium rate. Just because you have a low premium rate does not mean that you are the best company. It is what the company retains. I do not have the opportunity to see every bid that comes in on each case we have, but it is awarded by the trustees, and the trustees are composed of both employers and union trustees.

Senator CAPEHART. Did you personally sit down originally and make the contract or sell these locals?

Mr. CREITZ. I originally was introduced to these locals by Mr. Maris. Mr. Maris was recommended to me by the home office, and I was told to work with him.

Senator CAPEHART. Did you personally sit down and talk to the four trustees of each of these unions?

Mr. CREITZ. I personally attended the trustee meetings and all of the trustees were present when they purchased the plan.

Senator CAPEHART. Two representing the union and two representing the business?

Mr. CREITZ. It could either be two or three, but equal representation.

Senator CAPEHART. You would go there, and you sold them. They had a right, if they wanted to, to buy anybody's insurance?

Mr. CREITZ. That is right. I always did my best whenever I went in to sell it, regardless of who I was for, what broker.

Senator CAPEHART. And the home office directed you to place the insurance with these unions through the Dearborn Agency?

Mr. CREITZ. No. The home office sent Mr. Maris back to me and I worked with Mr. Maris on whatever contacts he had.

Senator CAPEHART. Mr. Maris—was he connected with the home office in California?

Mr. CREITZ. I do not believe so.

Senator CAPEHART. Was he what was called a general agent there?

Mr. CREITZ. Not to my knowledge. I think Mr. Maris was just an agent or a special agent for Occidental Life.

Senator CAPEHART. Did Mr. Maris specialize in selling unions or welfare funds?

Mr. CREITZ. No. Mr. Maris, I believe, originally specialized in pension business.

Senator CAPEHART. In pension business?

Mr. CREITZ. Correct.

Senator CAPEHART. And he came into Chicago and made the first contacts with respect to these unions, the 21 unions we had on the chart yesterday?

Mr. CREITZ. That is correct.

Senator CAPEHART. And you had many other accounts in Chicago?

Mr. CREITZ. I probably got 200. Never did I let Mr. Maris' influence ever bother me with any other broker that came in the office. I don't think the home office has ever had a complaint about my activity, about my ability, and I have lead the home office group production in probably 5 out of the last 7 years.

Senator CAPEHART. Whose idea was it to organize the Dearborn Agency?

Mr. CREITZ. Mr. Maris.

Senator CAPEHART. And he invited you to participate in it?

Mr. CREITZ. That is correct.

Senator CAPEHART. Then others came in, Mr. Murray, Mr. Keenan?

Mr. CREITZ. That is right. I believe the others were in before I actually was in.

Senator CAPEHART. Mr. Keenan was a councilman in the city of Chicago?

Mr. CREITZ. I believe he was at that time. He was an official of some type.

Senator CAPEHART. As far as you know, there never was any official, a union official, as a stockholder or an officer or a director of the Dearborn Agency?

Mr. CREITZ. That is right.

Senator CAPEHART. To your knowledge, you never knew of any?

Mr. CREITZ. No, sir.

Senator CAPEHART. Do you have any reason to believe that they were holding an interest in this company under somebody else's name?

Mr. CREITZ. No, I do not.

Senator CAPEHART. You were paid dividends by this corporation?

Mr. CREITZ. That is right. In the 7 years that I was connected with Dearborn Insurance, or 8 years, I was remunerated and I counted it up to the amount of \$58,000.

Senator CAPEHART. How many shares of stock did you have?

Mr. CREITZ. I had 39 originally and then I had 42.

Senator CAPEHART. Do you know how many were outstanding?

Mr. CREITZ. There were supposed to be 195 shares outstanding.

Senator CAPEHART. 195 shares. Did you pay any money for these shares?

Mr. CREITZ. Originally I paid, I believe, \$200, but I am not too sure on the exact amount.

Senator CAPEHART. In other words, it was not necessary to have any capital?

Mr. CREITZ. Not to start. I believe we started with somewhere around \$1,000.

Mr. KENNEDY. You say there were some discussions about bringing these people in, and the question of whether they were actually in or not. I would like to ask you if you have any explanation for the minutes of the special meeting of the board of directors of the Dearborn Insurance Agency. It states:

All of the directors were present, Harland Maris, Frank Brown, and Elmer Crane.

This is a letter dated February 2, 1951.

Mr. CREITZ. Is that to Mr. Schultz?

Mr. KENNEDY. No, to Harland Maris from Mr. Wrixon.

Mr. CREITZ. My first knowledge of this minute book was last Friday in the auditor's office. That was the first time I had seen this.

Mr. KENNEDY. Well, evidently, if your statement is true and I am not questioning it, there was an actual movement, an actual step taken toward bringing these individuals into the insurance agency, unbeknownst to you, maybe?

Mr. CREITZ. It was not known to me.

Mr. KENNEDY. But this would indicate that this step had actually taken place toward bringing Mr. Brown into the insurance agency?

Mr. CREITZ. It certainly would, but I had no recollection of this until last Friday.

The CHAIRMAN. Brown was a union official?

Mr. CREITZ. Mr. Brown is a union official.

The CHAIRMAN. Is Crane a union official?

Mr. CREITZ. Mr. Crane is an attorney.

The CHAIRMAN. Is Murray a union official?

Mr. CREITZ. Mr. Murray is a real estate broker and builder. I don't know how else to describe it.

The CHAIRMAN. Did you regard your participation in this Dearborn company as improper in view of your employment by Occidental?

Mr. CREITZ. Well, technically, Senator, I could see no conflict when I first went into it so long as I did not do anything that would jeopardize the company's position, because we are allowed, as group men, to write individual life business at any time we want. Furthermore, other group life companies allow their group regional men to be agents or brokers or participate in cases.

The CHAIRMAN. I just asked you did you regard it as improper.

Mr. CREITZ. Not necessarily.

The CHAIRMAN. Did you at any time so regard it after you had gotten into it?

Mr. CREITZ. Well, we can say I had a feeling that it wasn't probably the right thing to do.

The CHAIRMAN. That feeling kind of crept up on you as time went on?

Mr. CREITZ. It snuck up.

The CHAIRMAN. Sir?

Mr. CREITZ. It snuck up.

The CHAIRMAN. Now it turns out that there was you, representing the insurance company, Occidental, as its employee, and I guess Maris is the big promoter. Is that correct? Then we get some labor union officials in on it, they have a percentage in it. Did you realize that was going on?

Mr. CREITZ. I did not, sir.

The CHAIRMAN. You would not regard that as a proper arrangement, would you?

Mr. CREITZ. For any union official to be connected with the agency, no. And I am certain I wouldn't have gone into it if I had thought so.

Senator CAPEHART. Is there any other Mr. Brown connected with the company in any respect?

Mr. CREITZ. Not that I know of.

Senator CAPEHART. There was never any Brown around that you knew of other than this Brown that was with the union?

Mr. CREITZ. That is the only one I can recollect right now.

Mr. KENNEDY. In this same situation, the same context, as to whether they actually became interested, I draw your attention to the letter of January 10, 1951, which is written to Mr. John Murray, and signed Harland Maris, which is exhibit No. 27.

In the first three paragraphs it is pointed out as to what should be done with the Dearborn Insurance Agency, and the procedure to be followed. Then it states:

After you and Allen and I have lunch to see the taxmen, I propose we call Frank Keenan in Florida, review it with him and get his proxy by telephone. On Tuesday morning I have an appointment with O'Brien and Brown to close out the taxicab deal, and we will go over the entire statement as outlined above with them.

That would certainly seem to indicate, would it not, that O'Brien and Brown had an interest, that O'Brien as well as Brown had an interest?

Then I think we should have a meeting on Wednesday with the entire group in Chicago, and go over the first 9 months' operation and review the established income for 1951.

Mr. CREITZ. Mr. Kennedy, I have no recollection of this meeting or the letter. The first time it come to my attention was yesterday.

Mr. KENNEDY. Then on page 2:

I appreciate your staying over for this matter and only wish that Frank were there, too. But we can take plenty of time on the phone so that he understands it. I know that Brown and O'Brien will.

What does that mean?

Mr. CREITZ. I have no idea, Mr. Kennedy.

Mr. KENNEDY. It means very clearly, does it not, that they had an interest in the Dearborn Insurance Agency at the time?

Mr. CREITZ. Well, it might look like that, but I don't think so. I absolutely have no idea of this, or I don't know what he is referring to when he says that Mr. Brown and Mr. O'Brien will.

Mr. KENNEDY. All these letters which are written back and forth all seem to involve each individual with knowledge about the situa-

tion and they all say, "Well, if this happened, only Mr. Maris knew about it." Everybody seems to be putting it on Mr. Maris.

Mr. CREITZ. Mr. Maris runs the agency.

Mr. KENNEDY. But these letters are back and forth. He seems to be informing everybody as to exactly what is going on. Mr. Brown's name appears on the board of directors. He sets this forth quite clearly. Then he says:

P.S. Did Crane ever pay for the 200 shares of stock to the hotel people? If not, don't mention it to him as I want to bring it out at the meeting as the only stock not paid for. I believe that Allen knows that Vacey paid him for it.

Allen refers to you, does it not?

Mr. CREITZ. He must be referring to me, and I absolutely have no recollection of what he is talking about Vacey paid him for.

Mr. KENNEDY. Vacey was a union official in the Hotel and Restaurant Workers Union?

Mr. CREITZ. Yes.

Mr. KENNEDY. Isn't it correct that the four individuals mentioned as being the secret owners in the letter written to the previous witness, Mr. Schultz—the four people that were going to get the stock—were Mr. Vacey, Mr. O'Brien, Mr. Brown, and Mr. Blakely, and you knew about the situation?

Mr. CREITZ. I had no idea about that at all.

Mr. KENNEDY. Here is a letter of December 7, 1950, written by you, exhibit No. 25. It states:

I wish that you would sometime in the next 2 or 3 days drop Jim Blakely a line and tell him that you are very sorry but you misunderstood that there was to be a meeting. Also, explain that it was your intention, together with Frank Brown and Sandy O'Brien, to have a meeting in February, which is the end of the first year. At that time, accounting details will be given and etc.

This is a letter written by you.

Mr. CREITZ. That is correct.

Mr. KENNEDY. Do you have an explanation as to why the accounting details should be given to Frank—that you should be informing Jim Blakely of the Hotel and Restaurant Workers regarding accounting details to be given Frank Brown and Sandy O'Brien?

Mr. CREITZ. I will take the first one. Mr. Blakely, at the time the hotels have their Christmas party, at which they have their trustee meetings, which was attended by all the trustees, by the attorneys, and Mr. Maris was there.

I don't mean the partners, but Mr. Maris. They wanted Mr. Maris there because this was the time we were having a little difficulty in getting the office on Wells Street cleared up the way they wanted it. Mr. Blakely did not like the way the administration was running in the office and he brought it up at the trustee meeting.

Mr. KENNEDY. The trustee meeting or the Christmas party?

Mr. CREITZ. The trustee meeting, too.

Mr. KENNEDY. Do you mean you had a joint trustee meeting and Christmas party?

Mr. CREITZ. That is correct. They have that every year. The minutes of their meeting, I am sure, will reflect what he had in mind as far as the offers and to get it straightened out. We had trouble with our claims clerks. I know that. I remember that.

Mr. KENNEDY. You don't mention that, of course, at all. You go through the first four or five paragraphs of that letter and say:

Everybody felt wonderful, and everybody was in a good mood, including Blakely and the other members.

You don't say that he was very mad at this meeting, cross and angry, you say he was in a good mood—had a lot to drink.

Mr. CREITZ. You are taking two parts of the letter. The first part is where we had the luncheon. But the second part is when the meeting was.

Mr. KENNEDY (reading).

We had squab, baked individually in casserole, and all you could drink. In fact, everything was superb.

That doesn't sound like Mr. Blakely is very mad.

Mr. CREITZ. Well, not there. I am referring to the dinner as a whole. But the meeting was afterwards. Their minutes will reflect all of the meeting.

Mr. KENNEDY. What does it mean—

Also explain that it is your intention together with Frank Brown and Sandy O'Brien to have a meeting in February, which is the end of the first year.

Mr. CREITZ. What I wanted was Mr. Maris to write Mr. Brown and O'Brien that he would attend the meeting at the end of the year. The end of the year in that case is in February.

Mr. KENNEDY. Why were you telling Jim Blakely?

Mr. CREITZ. I wasn't telling Jim Blakely. That is probably grammatically a little wrong, but that is what I was trying to get over.

Mr. KENNEDY. You put right in here, Mr. Creitz,

Also, explain to Jim Blakely

in this letter that you are going to write to Jim Blakely,

that it is your intention to get together with Frank Brown and Sandy O'Brien.

This fits in perfectly with all the other letters that were written in connection with this, but this one shows that you knew about it yourself, that this arrangement had been made.

Mr. CREITZ. No, no arrangement the way you are putting it. If you have any trouble with one group you will have trouble with the second group, and I didn't want any friction coming, because most of your union officials, and most of your trustees know if you are all in the same case, if one has trouble, the word will get around to the other one.

Mr. KENNEDY. You didn't have to tell Mr. Maris to inform Mr. Blakely of the Hotel and Restaurant Workers that he was going to meet with Sandy O'Brien and Frank Brown, unless it was something that directly involved Frank Brown and Blakely.

Mr. CREITZ. Well, they all know each other.

Mr. KENNEDY. It was this meeting which you referred to later in the letter of January 10, 1951, that you were all involved in this business together.

Mr. CREITZ. That is not right.

Mr. KENNEDY. Doesn't it say so at the top of page 2 of the letter of January 10, 1951?

To take plenty of time on the phone so he understands it, and I know that Brown and O'Brien will. I then propose to have the open meeting, present a

statement, answer questions, and once and for all, even if I have to have the help of the Teamsters and you, put Brother Crane in his place forever.

That is in connection with the Dearborn Insurance Agency. That is not in connection with union business, except as it involves the Dearborn Insurance Agency.

Mr. CREITZ. I have no recollection of this January 10 letter. My letter I do not think refers to this January 10 letter. It could, but I don't think so.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. You may stand aside for the present. Thank you very much.

Mr. KENNEDY. Mr. Creitz might want to stand by now because of the \$500 he gave Laverne Murray for the good services she performed. We are having two witnesses in connection with that.

The CHAIRMAN. Call the next witnesses.

Mr. KENNEDY. Mr. Linzer and Mr. McDowell.

The CHAIRMAN. Do you and each of you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McDOWELL. I do.

Mr. LINZER. I do.

TESTIMONY OF LOUIS LINZER AND ROY McDOWELL

The CHAIRMAN. The witness on my left—will you please identify yourself, state your name, your place of residence, and your business or occupation?

Mr. McDOWELL. Roy McDowell, 4943 Sheridan Road, Chicago.

The CHAIRMAN. What is your business or occupation?

Mr. McDOWELL. I am in the cab business.

Mr. KENNEDY. A cabdriver?

Mr. McDOWELL. Yes.

The CHAIRMAN. The gentleman on my right?

Mr. LINZER. Louis Linzer. I live at 5923 North Magnolia, in Chicago. I am a Checker Cab driver.

The CHAIRMAN. You gentlemen waive counsel, do you? You waive a lawyer?

Mr. LINZER. I don't need no lawyer.

The CHAIRMAN. How about you?

Mr. McDOWELL. I don't need one.

Mr. KENNEDY. Mr. Chairman, Miss Laverne Murray, as was testified to, received this \$500 in December from the Dearborn Insurance Agency, and these are two individual cases in connection with the servicing from local 777 in connection with the insurance.

I would like to ask Mr. Linzer first this question: You had a complaint in connection with a payment by the Health and Welfare of local 777 of the Teamsters?

Mr. LINZER. That is right.

Mr. KENNEDY. Would you relate what occurred—to the committee?

Mr. LINZER. I was sick for 9 weeks, and I made out two different forms—one they call the white form and one is a pink form—and I mailed that in in proper form. They sent me a check of \$257—one

check for \$90, one check for \$10—but there was still a balance of \$180 for 6 weeks.

Mr. KENNEDY. And you had been working as a cabdriver as of this time?

Mr. LINZER. Yes, sir.

Mr. KENNEDY. What date was this, approximately? What was the date?

Mr. LINZER. This I couldn't tell you.

Mr. KENNEDY. Was it 1958?

Mr. LINZER. Yes.

The CHAIRMAN. Last year?

Mr. LINZER. Last year.

Mr. KENNEDY. And you had been working for the cab company for a couple of years?

Mr. LINZER. That is right.

Mr. KENNEDY. And you had been paying into the health and welfare fund?

Mr. LINZER. Yes. I paid \$5 every month, and the company pays the health and welfare \$9 a month, for each man.

Mr. KENNEDY. You pay your dues in each month?

Mr. LINZER. No, they deduct it from the check.

Mr. KENNEDY. Did you make a complaint then—the fact that you had not been paid your \$180?

Mr. LINZER. I asked them to pay me the balance, and they told me to come down in the office. When I come down to the office, they tell me, "Why should we pay you so much money? You are not so long in the union." I says, "According to my record, I am a longer union man than you are, but I still got that money coming and I want to get it."

So what they done was threw me out of the organization and they called up the cab company to fire me from the job.

Mr. KENNEDY. Were you working for the Checker Cab Co. at the time?

Mr. LINZER. Yes, sir.

Mr. KENNEDY. Did you talk to Mr. Glimco himself?

Mr. LINZER. Yes, sir.

Mr. KENNEDY. What did he tell you?

Mr. LINZER. Well, he says, I am through. I am thrown out of the organization.

Mr. KENNEDY. So did he call?

Mr. LINZER. Mr. Coca, his assistant, called the cab company.

Mr. KENNEDY. Called Mr. McDonough, who is a vice president of the Checker Cab Co.?

Mr. LINZER. That is right.

Mr. KENNEDY. And told them to fire you?

Mr. LINZER. They throw me out of the organization, and according to what he answered to Mr. McDonough, he said, "I don't care how you feel about that man, we are throwing him out." I told them, I says, "If there is one man who knows exactly where to go to complain about this, I know. You will be sorry that you are doing that."

That was right in his office.

The first thing I done after they fired me I went up to Mr. McDonough and asked him the situation, and he said to me, "Linzer,

what can I do about this? If they don't want to carry you, I can't." I said, "I know it," and I went up to the Labor Board and made my complaint about this.

Just as soon as they received the registered letter, they kept on calling me to come back to the organization.

Mr. KENNEDY. The union, after they heard from the National Labor Relations Board?

Mr. LINZER. The union called me. And I said, "No, I will not go to your union unless the Labor Board or the racket squad, whoever it is, will give me notice to go down to you."

It took 3 weeks until I went down to see them. They wanted to give me my check and the job back, and I said, "No, you got to go up to the Labor Board and straighten this matter out." And that is what they had to do—go up there.

Mr. KENNEDY. Did they pay you the \$180 then?

Mr. LINZER. Yes. But I demanded a week more, just purposely, because being Frank Keenan is in this matter here. I worked for Frank Keenan in his office. So I demanded a week more, but the young lady, the name you just mentioned here, she brought in the books to show me that it is only 6 weeks coming to me. I said, "If you got it in the books, why don't you pay me in a nice, decent, respectful way—not to go around through all this trouble? If you got it in the books, which you got paid from the insurance company, you got paid for paying me."

Mr. KENNEDY. She had it in the books that you were entitled to this?

Mr. LINZER. Yes, that is right.

Mr. KENNEDY. And showed it to you?

Mr. LINZER. Yes.

Mr. KENNEDY. Yet they did not pay pay you until you made the complaint?

Mr. LINZER. That is right.

Mr. KENNEDY. Then the recording secretary of local 777, Mr. Robert Markov, came down and gave you the check?

Mr. LINZER. He didn't give it to me. I asked him to go up to the Labor Board and give them the check and they should give it to me.

Mr. KENNEDY. And they gave it to you?

Mr. LINZER. That is right.

Mr. KENNEDY. So you withdrew your suit?

Mr. LINZER. Yes. I withdrew my suit, but the situation is that there is a lot of people which complain about this.

Mr. KENNEDY. There is a great number of complaints regarding the servicing there?

Mr. LINZER. Well, I did have a lot of calls from people.

Mr. KENNEDY. You said they had the same problem? Well, you received notification from other people that had had problems?

Mr. LINZER. Yes, a lot of people told me about this. They congratulated me that I had nerve enough to do those things. They were proud of me. They even were trying to make an officer out of me.

Mr. KENNEDY. Mr. McDowell, you had the same kind of a problem some years ago; is that right?

Mr. McDOWELL. That is right. In 1952—in July of 1952.

Mr. KENNEDY. And you had been working for the cab company since 1941?

Mr. McDOWELL. That is right.

Mr. KENNEDY. You had been operated on for the removal of your appendix?

Mr. McDOWELL. Yes, sir.

Mr. KENNEDY. And you had some 3 weeks' sick benefit due you?

Mr. McDOWELL. That is right, sir.

Mr. KENNEDY. And they refused to pay you?

Mr. McDOWELL. Yes, sir.

Mr. KENNEDY. Did you go down and talk to Mr. Glimco?

Mr. McDOWELL. Well, you see, I had sent in several forms, filled out, and they didn't send the check. So I called them up and asked them why they wouldn't send the checks, and they said that the forms were filled out wrong, which I knew was wrong, and I got pretty tough on the phone, and they had me fired from the cab until I went down to see them.

Mr. KENNEDY. You went down to see them. What happened then? They had gotten you already fired after you made the complaint?

Mr. McDOWELL. Yes. So I had to go see them before I got back, and they sent me into Glimco's office, and Glimco asked me what I wanted, and I said I wanted to get that \$60 that is coming to me. He said, "You are going to get a hole in your head if you don't get out of here and stay away from here and behave yourself. You are not going to get it."

Mr. KENNEDY. He said you were not going to get it?

Mr. McDOWELL. That is right.

Mr. KENNEDY. Would you repeat what he said again, please?

Mr. McDOWELL. He said if I didn't stay away from there and behave myself and quit shooting my mouth off, I was going to be found in an alley with a hole in my head.

Mr. KENNEDY. This is Mr. Glimco?

Mr. McDOWELL. Joey Glimco said that.

Mr. KENNEDY. What happened after that? Did you ever get the \$60?

Mr. McDOWELL. Yes; I got the \$60 through the Yellow Cab Co. They paid it to keep from losing my wife and myself. My wife was radio dispatcher for them at the time.

Mr. KENNEDY. And she was going to quit as long as you got fired?

Mr. McDOWELL. That is right.

Mr. KENNEDY. So they paid you the \$60 themselves?

Mr. McDOWELL. Mr. Stauffer, of the Yellow Cab Co., general manager, he paid the \$60 to keep us from leaving.

Mr. KENNEDY. It didn't come out of the insurance?

Mr. McDOWELL. No. The insurance never paid it.

Mr. KENNEDY. Do you find there are many, many complaints about the operation of the insurance for Local 777?

Mr. McDOWELL. Very much so, sir.

Mr. KENNEDY. This is administered by Miss Laverne Murray? She is the chief one who processes the claims?

Mr. McDOWELL. Well, at that time Glimco was in charge of it—

Mr. KENNEDY. Glimco runs it?

Mr. McDOWELL. Yes.

Mr. KENNEDY. She is his secretary?

Mr. McDOWELL. Yes.

Mr. KENNEDY. She carries out his orders?

The CHAIRMAN. She is the one that did such a good job in keeping the money from you folks who are entitled to it that she gets the Christmas bonus of \$500. Is that the whole implication of it?

Mr. McDOWELL. That is right, sir.

Senator CAPEHART. It is not quite clear to me. This check you were entitled to was to come from the Occidental Insurance Co.?

Mr. McDOWELL. Yes, sir.

Senator CAPEHART. In other words, it would not come from the union?

Mr. McDOWELL. No. It was to come from the insurance company.

Senator CAPEHART. It would not come from Mr. Glimco?

Mr. McDOWELL. No.

Senator CAPEHART. It would not come from the Dearborn Insurance Agency?

Mr. McDOWELL. No, sir.

Senator CAPEHART. Therefore, whether the money was paid or whether it was not, it would mean nothing to those three financially?

Mr. McDOWELL. It was supposed to come through the Occidental Life Insurance Co. of California.

Senator CAPEHART. And this lady was handling the claims?

Mr. McDOWELL. Yes, sir.

Senator CAPEHART. You said at the time, I believe, that Mr. Glimco was handling them.

Mr. McDOWELL. Well, he was in charge of them.

Senator CAPEHART. Is there any reason why he would not want to pay out somebody else's money?

Mr. McDOWELL. Well, I don't know whether he kept the money or what it was. Anyway, I didn't ever get it, not from Occidental Insurance. It was paid to me through the Yellow Cab Co.

Senator CAPEHART. When you did get a check on your insurance, was it a check made out on the Occidental Insurance Co.?

Mr. McDOWELL. The first three checks I got; yes, sir.

Senator CAPEHART. From the Occidental Insurance?

Mr. McDOWELL. Yes, sir.

Senator CAPEHART. That is all.

The CHAIRMAN. You two witnesses will remain under your present subpoena, subject to being recalled at any time that the committee may desire to hear further testimony from you.

You will be given reasonable notice of the time and place, but you will not be resubpenaed.

Do you accept that recognizance?

Mr. McDOWELL. Yes, sir.

Mr. LINZER. Yes, sir.

The CHAIRMAN. If you have any threats or any intimidation, any coercion, if anyone undertakes to coerce you by reason of your testimony here, report it to the committee promptly.

Mr. KENNEDY. I might say we have had a number of complaints along these lines, and we have brought in these witnesses to show it has gone over an extended period of time.

The CHAIRMAN. The committee will stand in recess until 2:30.

(Members of the select committee present at the taking of the recess were Senators McClellan and Capehart.)

(Whereupon, at 12:30 p.m., the hearing was recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2:30 p.m. in the caucus room of the Senate Office Building, Senator John L. McClellan presiding.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Mundt.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Glimco.

The CHAIRMAN. Mr. Glimco, you have been previously sworn?

Mr. GLIMCO. Yes, sir.

TESTIMONY OF JOSEPH P. GLIMCO, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER—Resumed

The CHAIRMAN. You will remain under the same oath.

All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Glimco, can you tell us how you came to select the Dearborn Insurance Agency and the Occidental Insurance Co. to carry the insurance for local 777?

(The witness conferred with his counsel.)

The CHAIRMAN. While they are conferring, let the record show that the same counsel appears for the witness as appeared for him on his previous appearance.

Mr. GLIMCO. What was the question?

Mr. KENNEDY. I asked you how it was that you came to select the Dearborn Insurance Agency and the Occidental Insurance Co. to handle the insurance for local 777.

Mr. GLIMCO. I respectfully decline to answer the question, because my answer might tend to incriminate me.

Mr. KENNEDY. Did you receive any moneys of any kind from Mr. Maris?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Did you have any arrangement whereby you would not process the claims of the members of local 777?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Testimony was given to the committee this morning by Mr. McDowell, that he had his appendix out and he went to try to collect money after he had been paying his dues, and he had been made a member of the health and welfare fund, and that he was told by you that if he didn't get out of the office he would be found in an alley with a hole in his head? Would you tell us about that?

(At this point Senator Capehart entered the hearing room.)

Mr. GLIMCO. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. Did you tell that to Mr. McDowell, who had been driving a cab since 1941, except for a period of time in which he was

in the service? Did you tell him to get out of the office or he would be found with a hole in his head?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then did you arrange for him to be fired by the cab company?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. All of this because he was attempting to obtain the insurance to which he was entitled?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. What about Mr. Linzer in 1958? Did you arrange for him to be fired when he attempted to collect on his insurance, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. After he had also been paying his dues, and he came to try to collect \$180 that was due to him, did you take steps to have him fired from his job?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. I notice that you are smiling, Mr. Glimco. Is it pretty funny to you? Is it funny to you?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. These people are just members of the union and you are an important union official and it doesn't make any difference; is that right?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You don't really care about their benefits; is that right, Mr. Glimco?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you telephone Mr. George McDonough, a vice president of the Checker Cab Co., and arrange to have Mr. Linzer fired from his job?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, these claims were being handled in the office by Miss Laverne Murray; isn't that right?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Before we go to that phase of it, let me ask you: We only brought two witnesses here this morning to tell of recent happenings late last year, with respect to being fired simply because they made a claim that they were entitled to make for illness benefits. How many others, or how many other union members who have paid their dues and are in good standing have you caused to be fired or undertook to cause them to be fired, simply because they filed a claim?

(The witness conferred with his counsel.)

The CHAIRMAN. We have presented two, and how many more are there?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You think then it is wrong to treat people that way, do you?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Those people, as I understand it, pay their welfare funds; is that right?

Mr. KENNEDY. The employer does.

The CHAIRMAN. That is a part of their wages, and they pay it. It may come out of the employer, but that is a negotiated consideration in the contract.

Mr. KENNEDY. That is correct.

The CHAIRMAN. And do you know how much the employer paid in these cases?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It is \$8.39 a month.

The CHAIRMAN. That goes into that fund to take care of these people when misfortune overtakes them.

Now, do you think it is right for you, whenever they make a claim, to take a position because you are some great big shot that everybody you think ought to be afraid of, to cause them to be fired?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You decline to tell how many of them you have tried to get fired?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right. Now you can talk about Miss Murray.

Mr. KENNEDY. Tell us about her. Everything is so funny; tell us about her.

(The witness conferred with his counsel.)

Mr. GLIMCO. What was your question?

Mr. KENNEDY. You didn't understand?

Mr. GLIMCO. No, I didn't.

Mr. KENNEDY. I am trying to find out about Miss Murray. Will you tell us about her?

Mr. GLIMCO. I didn't understand your question.

Mr. KENNEDY. Tell us about Miss Murray.

Did you hear it that time?

Mr. GLIMCO. Yes, sir.

Mr. KENNEDY. Tell us.

The CHAIRMAN. What is her position? What did she do?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did she work under your directions?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is she the one that turned down the claim upon your orders and instructions?

(The witness conferred with his counsel.)

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Is this why you ordered her paid \$500 at Christmas-time, because of the good job she had done in turning down claims for people who were entitled to the money?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Is this the same Miss Murray we talked about here the other day?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I think the record will show that. Proceed.

Mr. KENNEDY. Mr. Chairman, we have here a letter that is dated October 24, 1951, addressed to Mr. Dandy, and it is from Allen Creitz.

Could Mr. Calabrese introduce it and then I wanted to ask a question of the witness.

The CHAIRMAN. Will you sit right where you are. I present to you a photostatic copy of a letter dated October 24, 1951, to Mr. J. P. Dandy, vice president, home office, Chicago group department, Taxicab Drivers, Maintenance & Garage Helpers Union Local 777, and it purports to be from Allen L. Creitz, regional group supervisor.

Do you recognize that photostatic copy of the letter?

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. CALABRESE. I do.

The CHAIRMAN. Where did you procure it?

Mr. CALABRESE. This was obtained from the files of Mr. Maris.

The CHAIRMAN. From the files of Mr. Maris?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. All right. This letter may be made exhibit No. 36. (Letter referred to was marked "Exhibit No. 36" for reference and will be found in the appendix on p. 18093.)

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. This is dated October 24, 1951, and it is addressed to—

DEAR JACK: I have just discussed the eligibility provision as contained in the above master policy with Mr. Joe Glimco as it pertains to the full-time employees. Maybe you can give Mr. Glimco a copy.

Mr. Glimco has just informed me that they are making the cab companies pay on part-time workers. For example, a driver who drives 2 days a week must be paid on the same as the full-time member. I can see where it is possible to insure these part-time workers for all benefits other than accident and sickness. One problem that came up is that a lot of these part-time workers are full-time employees of other concerns and drive for the cab companies on weekends.

What I would like you to do is to inform me whether or not Mr. Glimco was within his rights by collecting the premium and then not offering benefits, or whether we should work this out on a modified basis.

I would like to have your suggestions before making any definite statement as to what we will do.

Will you explain that paragraph, which states,

What I would like you to do is to inform me whether or not Mr. Glimco was within his rights by collecting the premium and then not offering benefits, or whether we should work this out on a modified basis.

Will you explain that to us?

**TESTIMONY OF JOSEPH P. GLIMCO, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER—Resumed**

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. This indicates that you were demanding payment for them if they worked 2 days a week, that you got the pay from the employer on the basis as if they worked full time, and then that you were not providing any benefits for them, although you collected for them.

Is that correct?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If you were doing that, you were committing a fraud on someone, were you not?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, you were extorting money for which you were giving nothing in return, if that is what you were doing; isn't that correct?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we have gone through these two cases, which are examples of other cases we have. We have gone through this situation, this letter. Now I would like to ask him about this memorandum that we have, which will have to be introduced by Mr. Calabrese again, Mr. Chairman.

The CHAIRMAN. Mr. Calabrese, I hand you a photostatic copy of a document; the title of it is "Endorsement to Policy No. 3416 IDAH." The policyholder is Taxicab Drivers, Maintenance and Garage Helpers Union, Local 777. It appears to be dated May 7, 1957.

I ask you to examine it and state if you identify it.

Mr. CALABRESE. I do, Senator.

The CHAIRMAN. What is it?

Mr. CALABRESE. This is a photostatic copy of certain correspondence that we reviewed and obtained copies of from Occidental Life Insurance Co. of California.

The CHAIRMAN. That was obtained from the Occidental Life Insurance Co. of California?

Mr. CALABRESE. Yes, Senator.

The CHAIRMAN. Was it a part of their files, the original?

Mr. CALABRESE. It is.

The CHAIRMAN. It may be made exhibit No. 37.

(Documents referred to were marked "Exhibit No. 37" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. This states the policyholder of Taxicab Drivers, Maintenance and Garage Helpers Union, Local 777, and the provisions to apply as of May 1, 1957.

Then, Mr. Chairman, under paragraph 2, it is entitled "The Persons Eligible."

Persons eligible. Any person not excluded below, who is in full-time active employment as a taxicab driver for the Checker Cab Co. or the Yellow Cab

Co. of Chicago, Ill., or as an office worker for the Taxicab Drivers, Maintenance and Garage Helpers Union, Local No. 777, or as an employee of the Best Sanitation Deodorizing and Exterminating Co., and who is a member in good standing with the policyholder, shall become eligible for insurance under the policy, subject to the eligibility provision below on the applicable eligibility date shown below.

Mr. GLIMCO, could you explain to the committee why you were bringing into this insurance coverage the members of local 777, the taxicab drivers, plus all the employees of the Best Sanitation Deodorizing and Exterminating Co.?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This was the deodorizing company for which your son worked and for whom you secured business?

Mr. GLIMCO. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Do we have any records showing whether any benefits were to be received by the employees of the deodorant company?

Mr. KENNEDY. Yes, they were to be covered by this.

The CHAIRMAN. They were to be covered. All right.

Mr. KENNEDY. As I understand it, this was never completed.

But it was at your suggestion that the deodorizing company's employees should be covered, Mr. Glimco?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us why you would be concerned about them and you were not concerned about members of Local 777 of the Teamsters?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. This is the company in which one of the union officials had an interest and for which your son worked; is that right?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. George Marcie had an interest in that company, did he not?

Mr. GLIMCO. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions, Senators?

If not, you may stand aside for the present.

Do you think you will want to recall him?

Just a moment.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Call the next witness.

Mr. KENNEDY. Mr. Murray and Mr. Crane.

The CHAIRMAN. Mr. Murray and Mr. Crane.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MURRAY. I do.

Mr. CRANE. I do.

TESTIMONY OF JOHN W. MURRAY AND ELMER CRANE

The CHAIRMAN. The witness on my left, will you give us your name and address; also your business or occupation, please?

Mr. CRANE. My name is Elmer M. Crane. I am from Chicago. I am a practicing lawyer in Chicago. I reside at 6181 Lemont Avenue, in Chicago.

The CHAIRMAN. Thank you very much.

On my right, will you give your name, please, sir?

Mr. MURRAY. My name is John W. Murray. I am in the building business in Chicago, and I reside at 4637 Peters.

The CHAIRMAN. Thank you very much.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Murray, you were in this Dearborn Insurance Agency?

Mr. MURRAY. Yes, sir.

Mr. KENNEDY. You had an interest in it?

Mr. MURRAY. Yes, sir.

Mr. KENNEDY. Do you at the present time?

Mr. MURRAY. I do, sir.

Mr. KENNEDY. You still do?

Mr. MURRAY. I do.

Mr. KENNEDY. Were you aware of the fact that there were any union officials involved in this insurance agency?

Mr. MURRAY. No, sir.

Mr. KENNEDY. I refer you to a letter dated January 10, 1951, that was written to you and signed by Mr. Harland Maris.

The CHAIRMAN. The Chair presents to you exhibit No. 27, and asks you to examine it and state if you recognize it, Mr. Murray.

(The document was handed to the witness.)

Mr. MURRAY. Yes, sir, Senator; I recognize it. It has brought to more of my attention since I saw this.

The CHAIRMAN. I beg your pardon?

Mr. MURRAY. It refreshes my mind further since I saw this. But I do remember receiving it.

The CHAIRMAN. You do remember the letter? You did receive it?

Mr. MURRAY. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Murray, in connection with the participation of any of these union officials in this company, I call your attention to the paragraph, the fourth paragraph on the first page: _____

After you and Allen and I have lunch and see the tax man, I propose we call Frank Keenan in Florida, review it with him and get his proxy by telephone. On Tuesday morning I have an appointment with O'Brien and Brown to close the taxicab deal. We will go over the entire statement as outlined above with them.

What did that refer to?

Mr. MURRAY. I don't know, Mr. Kennedy. I don't believe we ever—we did not have the lunch. I did not call Frank Keenan in Florida.

Mr. KENNEDY. That sentence would indicate, the one I talked about with—

on Tuesday morning I have an appointment with O'Brien and Brown,

and that he is going to go over the situation outlined, it would indicate that they had an active interest in this company, would it not?

Mr. MURRAY. According to this.

Mr. KENNEDY. If they did not have an active interest in the company, didn't that raise some question in your mind?

Mr. MURRAY. No, sir. I didn't pay too much attention to the letter.

Mr. KENNEDY. Now I refer you over to page 2.

I appreciate your staying over for this matter and only wish that Frank were there, too. But we can take plenty of time on the phone so that he understands it, and I know that Brown and O'Brien will.

Mr. MURRAY. I don't understand that.

Mr. KENNEDY. Didn't this raise some question in your mind?

Mr. MURRAY. I didn't pay too much attention to the letter, Mr. Kennedy.

Mr. KENNEDY. With so much correspondence back and forth, and again all these facts being set out, nobody seems to understand any of the letters that they wrote or received.

Mr. MURRAY. I believe this is the only letter I ever received from—

Mr. KENNEDY. I am saying as a general matter we had the testimony this morning, Mr. Murray, and nobody seemed to understand those letters, either.

Mr. MURRAY. I don't understand the letter.

The CHAIRMAN. Do you recall now having received the letter?

Mr. MURRAY. I do, Senator.

The CHAIRMAN. After receiving a letter like this, you say you didn't understand or don't understand it now. Did you understand it then?

Mr. MURRAY. Senator, at this time I was out of the hospital about 3 weeks after a major operation. I wasn't paying a bit of attention to Dearborn.

The CHAIRMAN. Your alibi is that you had just gotten out of the hospital about 3 weeks before and you weren't paying attention to anything?

Mr. MURRAY. No, sir.

The CHAIRMAN. Is that correct?

Mr. MURRAY. That is correct.

The CHAIRMAN. You had an interest in this company, did you not?

Mr. MURRAY. Yes, sir.

The CHAIRMAN. How much of an interest? What percentage of the whole?

Mr. MURRAY. I had 26 shares.

The CHAIRMAN. Out of what was supposed to be 195?

Mr. MURRAY. Yes, sir.

The CHAIRMAN. You do not know whether there were any more shares than that or not?

Mr. MURRAY. No, sir.

The CHAIRMAN. Were you an officer in this company?

Mr. MURRAY. I think I was treasurer at this time.

The CHAIRMAN. You were treasurer of it at that time. And a letter like this, in as much detail as this is, would not make any impression on you?

Mr. MURRAY. It didn't at that time, sir.

The CHAIRMAN. Did it impress you afterwards?

Mr. MURRAY. No, sir. I didn't think of it afterwards.

The CHAIRMAN. Proceed.

Mr. KENNEDY. In the last paragraph:

This is a rambling letter, John, but mull it over and when you and Allen and I get together on Monday we will kick it around good. When we get the approval of Keenan, O'Brien, and Brown, we will have the formal meeting and get it out of the way.

Did that strike you at all at that time?

Mr. MURRAY. I didn't pay any attention to the letter at all.

The CHAIRMAN. How much annual business was this company doing at that time?

Mr. MURRAY. Very little.

The CHAIRMAN. Was this right at the start of it?

Mr. MURRAY. Yes, sir.

Mr. KENNEDY. You had local 710 and 777?

Mr. MURRAY. I believe so.

The CHAIRMAN. In other words, you had two locals already signed up?

Mr. KENNEDY. They had most of the business that they had acquired. It was just started, however, about a year prior to that.

Mr. MURRAY. Yes, sir.

The CHAIRMAN. All right. Senator Mundt?

Senator MUNDT. Near the top of the second page of the letter, Mr. Murray, it says:

Even if I have to have help from the Teamsters and you, I will put Brother Crane in his place forever.

Were you pretty close to the Teamsters?

Mr. MURRAY. No, sir. I don't know a soul in the Teamsters Union.

Senator MUNDT. Why would he write and suggest that he might have to have help from the Teamsters and you?

Mr. MURRAY. I don't know.

Senator MUNDT. One thing you do know. What were you supposed to be doing with Brother Crane? You were going to put him in his place. What did that mean?

Mr. MURRAY. I think Mr. Maris and Mr. Crane were having an argument at that time.

Senator MUNDT. You are pretty sure of that?

Mr. MURRAY. I am pretty sure of that; yes, sir.

Senator MUNDT. He wanted you to vote with him against Crane, evidently.

Mr. MURRAY. Yes, sir.

Senator MUNDT. What is the meaning of the postscript there—

Did Crane ever pay you for the 200 shares of stock for the hotel people?

Did he pay you?

Mr. MURRAY. No, sir.

Senator MUNDT. Did you have 200 shares of stock?

Mr. MURRAY. Yes, sir.

Senator MUNDT. What did you do with that stock?

Mr. MURRAY. I kept the stock for a while. I don't know where the stock is now.

Senator MUNDT. Well, you have a pretty good idea of whether you sold it, whether you gave it to Crane, whether Crane paid you, or whether you gave it to somebody else. Do you still have it?

Mr. MURRAY. I don't know. I don't know where it is if I do have it. That stock was turned in when we formed the partnership.

Senator MUNDT. What stock was it? Stock in this company? Stock in the Dearborn agency?

Mr. MURRAY. Yes, sir.

Senator MUNDT. You had 200 shares of stock in the Dearborn agency which had only 195 shares issued. Can you explain that?

Mr. MURRAY. No, sir. I never had it. It says—

Did Crane ever pay for the 200 shares?

I don't know what he is talking about.

The CHAIRMAN. It is 200 shares.

Mr. MURRAY. I don't know what he is talking about, Senator.

Senator MUNDT. You said you had the stock?

Mr. MURRAY. I have my own stock.

Senator MUNDT. I asked you a while earlier if you had the 200 shares and you said yes.

Mr. MURRAY. I misunderstood you, Senator. There was no 200 shares of stock.

Senator MUNDT. Anyhow, you are sure Crane never paid you for it?

Mr. MURRAY. No; he wouldn't pay me for the stock anyway. I don't know whether he paid—

Senator MUNDT. You were treasurer. I suppose by "you" you mean the company for which you were treasurer. I presume that is what he is talking about.

Mr. MURRAY. I don't know whether he ever paid for the stock.

Senator MUNDT. Now, you don't know whether he ever paid for it or not?

Mr. MURRAY. No, sir.

Mr. KENNEDY. This is Mr. Crane sitting next to him, Senator.

Senator MUNDT. Are you Mr. Crane?

Mr. CRANE. Yes, sir.

Senator MUNDT. I better ask you. Will you explain what that is all about, that postscript?

Will you let him see the copy of it, Mr. Murray, so he can read the postscript? Maybe he can throw some light on it.

Mr. CRANE. I haven't the slightest idea what he is referring to here. He is talking about 200 shares of stock. The most we ever issued was 195. I had a 20-percent interest, represented by 39 shares of stock.

The CHAIRMAN. Suppose that is a typographical error and it should be 20 shares instead of 200. What would you know about it then?

Mr. CRANE. I still don't know anything about it.

The CHAIRMAN. Well, we found two blocks of stock, 20 shares each, kind of laying around loosely somewhere, that they were going to cut up into four pieces, making it four blocks of stock, 10 shares each, and disperse it around. I thought maybe it could have meant 20 of those shares.

Mr. CRANE. Who was going to do that, Senator?

The CHAIRMAN. I don't know just who was going to do it. That is according to some of these letters.

Mr. CRANE. I don't know, either.

The CHAIRMAN. I thought this might have been a typographical error, that it might have been 20 shares instead of 200.

Mr. CRANE. Even if it was two, I wouldn't know how to interpret this.

The CHAIRMAN. You wouldn't know what it is all about?

Mr. CRANE. No.

The CHAIRMAN. Where can we find somebody who knows what this is all about? Is there anybody living that knows what it is all about that you know of?

Mr. CRANE. Probably Mr. Maris.

The CHAIRMAN. Probably Mr. Maris. No one else? If they keep referring to you people and writing to you, and we have had you on the witness stand, but nobody knows anything.

Mr. CRANE. I don't think I am involved in any of this correspondence so far that I know of.

The CHAIRMAN. It looks to me like your name is here about 200 shares of stock. I don't know if you are involved or not, but your name is there. They are talking about 200 shares of stock.

Mr. CRANE. In the same letter, it looks like he is going to eliminate me, too. I still can't understand it.

Senator MUNDT. Have you been eliminated?

Mr. CRANE. No, I wasn't.

Senator MUNDT. You didn't get eliminated?

Mr. CRANE. No. It was not discussed with me. I don't know what he means here when he says—

put Brother Crane in his place forever.

Senator MUNDT. Are you still a member of the firm?

Mr. CRANE. Yes, I am. It is a partnership. This was dissolved in May of 1952.

Senator CAPEHART. The corporation was?

Mr. CRANE. Yes. Then it became a partnership.

Senator MUNDT. It looks like they were going to do something to you,

put Brother Crane in his place forever.

Mr. CRANE. The first I knew of it was yesterday.

Senator MUNDT. Your partner, Mr. Murray, says that you and Mr. Maris were having a little trouble. Is that right?

Mr. MURRAY. That is right.

Mr. CRANE. I didn't get along too well with Mr. Maris.

Senator MUNDT. What was the difficulty?

Mr. CRANE. He never kept me too much advised of what was going on. He made several trips into Chicago and I wouldn't even know he had been in Chicago until after he left.

Senator MUNDT. He was not very communicative?

Mr. CRANE. Not with me.

Senator MUNDT. How about you, Mr. Murray? Was he communicative with you?

Mr. MURRAY. I believe he would call me more than he would Elmer, but he wouldn't call me all the time he was in Chicago.

Senator MUNDT. Do you know who these hotel people might be that he is talking about in that postscript, Mr. Murray?

Mr. MURRAY. No, sir; I do not.

Senator MUNDT. Have you any idea?

Mr. MURRAY. Yes, I have an idea, but I never met those gentlemen. Mr. Vacey, I think I met on the street one time.

Senator MUNDT. Who is Mr. Vacey?

Mr. MURRAY. I understand he is connected with the Hotel and Restaurant people. I don't know.

Senator MUNDT. In the union or in management?

Mr. MURRAY. No, in the management of them.

Senator MUNDT. He owns a hotel?

Mr. MURRAY. No. He is part of the union of the Hotel and Restaurant.

Senator MUNDT. You mean he is a manager of the union?

Mr. MURRAY. Yes, sir.

Senator MUNDT. He represents the union?

Mr. MURRAY. Yes, sir.

Senator MUNDT. Do you suppose that is right, Mr. Crane?

Mr. CRANE. Mr. Vacey has been deceased for several years.

Senator MUNDT. We can't learn anything from him, then.

Mr. CRANE. I don't want to.

Senator MUNDT. Do you think the Hotel people involved here, Mr. Vacey and his union, are the people he meant in the postscript?

Mr. MURRAY. I don't know, Senator.

Senator MUNDT. What do you think, Mr. Crane?

Mr. CRANE. Well, he mentions the name Vacey. Vacey was with—I don't know if it was a local or a joint council. He had some kind of a position with the Hotel and Restaurant Union, Employees Union.

Senator MUNDT. That is all, Mr. Chairman.

Mr. KENNEDY. Mr. Crane, you never took any steps to purchase some stock for either Mr. Vacey, or transfer stock or purchase stock for either Mr. Vacey or Mr. Blakely?

Mr. CRANE. No.

Mr. KENNEDY. Do you know if Mr. Vacey ever owned any stock?

Mr. CRANE. I do not know.

Mr. KENNEDY. Do you have any information that he did hold and own some stock?

Mr. CRANE. None at all.

Mr. KENNEDY. Did Mr. Maris or anyone else suggest to you that you purchase some stock for Mr. Vacey or Mr. Blakely?

Mr. CRANE. No.

Mr. KENNEDY. Did you ever purchase some stock for Mr. Vacey, or Mr. Blakely?

Mr. CRANE. No.

Mr. KENNEDY. Did you know Mr. Frank Brown's interest in the Dearborn Insurance Agency?

Mr. CRANE. I think I met Mr. Brown one time.

Mr. KENNEDY. Did you know of Mr. Frank Brown's interest in the Dearborn Insurance Agency?

Mr. CRANE. No.

Mr. KENNEDY. Are you familiar with this letter of February 2, 1951, which encloses a copy of the minutes of the 9th of June of 1950, which lists as the board of directors of the Dearborn Insurance Agency, Harland Maris, Frank Brown, and Elmer Crane?

Mr. CRANE. The first I ever heard of that was yesterday.

Mr. KENNEDY. So you are learning things here; is that right?

Mr. CRANE. Quite a bit.

Mr. KENNEDY. About the Dearborn Insurance Agency in which you had an interest.

Mr. CRANE. That is right.

Mr. KENNEDY. How could all these things be going on without anybody in the insurance agency knowing anything about them?

Mr. CRANE. Well, Mr. Maris didn't spend much time with me.

Mr. KENNEDY. Do you know where the stock certificate book is?

Mr. CRANE. I never saw it. I had two certificates. I turned those over to the committee.

Mr. KENNEDY. Do you know where the stock certificate book is?

Mr. CRANE. No, I haven't the slightest idea.

Mr. KENNEDY. Do you know where the stock certificate book is, Mr. Murray?

Mr. MURRAY. I do not.

Mr. KENNEDY. Did you ever see the stock certificate book?

Mr. MURRAY. Well, I must have seen it, because there was stock in it. Or whether the stock was in a book or not, I don't know.

Mr. KENNEDY. Did you ever see it?

Mr. MURRAY. No, sir.

Mr. KENNEDY. You don't know where it is now?

Mr. MURRAY. No, sir.

Mr. KENNEDY. Could I call a member of the staff?

Senator CAPEHART. How long has the corporation been dissolved?

Mr. CRANE. It was dissolved on May 31, 1952.

Senator CAPEHART. Is that the corporation whose stock certificate book you are talking about?

Mr. CRANE. Apparently, if that is what they are referring to.

Senator CAPEHART. Since May 1952 this company has been a partnership?

Mr. CRANE. That is right, sir.

Senator CAPEHART. And the same partners are the ones who were formerly stockholders?

Mr. CRANE. No. The original stockholders were Maris, Keenan, Creitz, Murray, and Crane.

Senator CAPEHART. Who are the partners at the moment?

Mr. CRANE. Before we dissolved the corporation, Keenan got out of the corporation. Then when we formed a partnership it was Maris, Murray, Creitz, and Crane.

Senator CAPEHART. What percentage did each own of the partnership? The same as their stock holdings?

Mr. CRANE. No. It was then 22 percent each for Murray, Creitz, and Crane; 34 percent for Maris.

Mr. KENNEDY. Mr. Crane, from the correspondence that was introduced yesterday, it would indicate that Mr. Maris at least considered you as the contact with Mr. Blakely. Did you know Mr. Blakely well?

Mr. CRANE. I know Mr. Blakely. I don't know what you mean by "well."

Mr. KENNEDY. Well, did you see him frequently in connection with obtaining this insurance business?

Mr. CRANE. No.

Mr. KENNEDY. Did you talk to him about it?

Mr. CRANE. No, Vacey is the one I knew. I knew Frank Vacey.

Mr. KENNEDY. Also Mr. Blakely?

Mr. CRANE. I knew him, but not very well.

Mr. KENNEDY. I refer to the letter of April 4, 1949, which has been introduced in the record and then April 8, 1949:

Youngblood and I had lunch today. They have a meeting next Thursday and will then have a full report. This other agent Begley is still in the picture but Youngblood indicated Elmer's friend Blakely told him we were the right party.

Mr. CRANE. May I see that?

Mr. KENNEDY. Yes.

(The document was handed to the witness.)

Mr. KENNEDY. That is exhibit No. 22-C. Did you see that? It speaks of "Elmer's friend Blakely," and I presume he is referring to you when he says "Elmer."

Mr. CRANE. That is true, and I was a friend of Mr. Blakely.

Mr. KENNEDY. Were you the contact to try to get the insurance from the Hotel and Restaurant Workers Union?

Mr. CRANE. Originally with Mr. Vacey.

Mr. KENNEDY. And later with Mr. Blakely?

Mr. CRANE. It had to clear through Mr. Blakely, I think.

Mr. KENNEDY. You never knew that Mr. Blakely had any interest in this company?

Mr. CRANE. What is that?

Mr. KENNEDY. You never knew that Mr. Blakely had any interest in this company?

Mr. CRANE. I don't even know now that he has, as far as I know.

Mr. KENNEDY. Did you ever know that Mr. Blakely had any interest in this company?

Mr. CRANE. No, sir.

Mr. KENNEDY. He never mentioned that to you?

Mr. CRANE. No.

Mr. KENNEDY. You were his friend, and contacted him, and you stated that, that you were his friend, and he never mentioned that to you at all?

Mr. CRANE. Now, I don't know how you qualify friendship in this particular instance here. I think I may have had a drink with him once or twice, but never had a lunch or dinner and never been to his home.

Mr. KENNEDY. He never mentioned the fact that he had some 20 shares in this company, Dearborn Insurance Agency?

Mr. CRANE. Never.

Mr. KENNEDY. May I call Mr. Balaban?

Senator MUNDT. Before you leave, do you know Mr. Glimco?

Mr. CRANE. The first time I saw Mr. Glimco in my life was at 25 minutes to 3 when he came up here to testify.

Senator MUNDT. Do you know Laverne Murray?

Mr. CRANE. No.

Senator MUNDT. Did you vote to give her a Christmas bonus of \$500?

Mr. CRANE. I didn't give anybody a Christmas bonus. I understand Dearborn gave her a \$500 Christmas check.

Senator MUNDT. Who is that?

Mr. CRANE. Dearborn Insurance Agency gave her a \$500 Christmas check.

Senator MUNDT. Were you interested in Dearborn Insurance Agency?

Mr. CRANE. I still am. I have been since its inception.

Senator MUNDT. You still are?

Mr. CRANE. Yes, sir.

Senator MUNDT. You were a director, were you not?

Mr. CRANE. I don't remember, and I don't know if I was a director or not.

Senator MUNDT. You were a director at one time, and at one time secretary.

Mr. CRANE. I was secretary for 30 or 60 days, the first 30 or 60 days we were organizing.

Senator MUNDT. You resigned that job, then, as secretary?

Mr. CRANE. Yes.

Senator MUNDT. Why?

Mr. CRANE. I think at that time Maris wanted Mr. Murray to be the secretary. They were on the bank account and I was never on the bank account.

Senator MUNDT. Is that what they were going to do, put you in your place, and get you out of that secretary's job?

Mr. CRANE. Let me see the date on that.

Senator MUNDT. They backdated the minutes quite a bit.

Mr. CRANE. This January 10, 1951, letter, where he was going to "put Brother Crane in his place," I think it is your exhibit No. 27, is dated January 10, 1951.

Senator MUNDT. That is right.

Mr. CRANE. And I think we incorporated in about March of 1949, and I was no longer secretary in June of 1949, someplace between March and June.

Senator MUNDT. You resigned in June of 1949?

Mr. CRANE. I beg your pardon?

Senator MUNDT. You resigned in June of 1949?

Mr. CRANE. It could have been April or May.

Senator MUNDT. But you are sure you resigned in 1949?

Mr. CRANE. Yes, and I don't know. I think that I did. Mr. Murray signed the stock certificates in June of 1949 as secretary.

Senator MUNDT. I have before me a copy of minutes of the special meeting of the board of directors of Dearborn Insurance Agency, Inc., and it says the written resignation of Elmer Crane as secretary and a director of the corporation was presented and on motion duly made John W. Murray was nominated for the office of director to take your place.

Mr. CRANE. What is the date of that, Senator?

Senator MUNDT. This is held on the 9th day of June 1950, about a year after you had resigned.

Mr. CRANE. I don't recall that.

The CHAIRMAN. You are just confused about the year. It was 1950 you resigned instead of 1949; isn't that correct?

Mr. CRANE. I don't know. I can tell better if I saw the stock certificate.

Senator MUNDT. You said you resigned in 1949.

Mr. CRANE. Well, it may have been 1950. You are going back 10 years, and I don't remember what year it was. If I saw the stock certificates, it would help.

Senator MUNDT. The minutes seem to be backdated a little bit, but even so they didn't backdate them to 1949.

Mr. CRANE. I didn't prepare the minutes.

Senator MUNDT. You think now you resigned in 1950?

Mr. CRANE. I would have to look at the stock certificates. Do you have both of them there?

(The documents were handed to the witness.)

Mr. CRANE. Yes, it was 1950 rather than 1949.

Senator MUNDT. Mr. Murray, did you vote for the Christmas bonus for Laverne Murray?

Mr. MURRAY. Senator, I had a telephone call from Mr. Creitz and he seemed to think that this lady was doing a good service and he wanted to give her \$500, and I think that was the figure that he had. He seemed to think that she was giving such tremendous service to the bookkeeping that he thought she should get \$500, and I guess we all of us agreed that he knew them and he was running that.

Senator MUNDT. Did he also tell you that Mr. Glimco had talked to him about her?

Mr. MURRAY. I don't believe so, but I don't remember.

Senator MUNDT. Did Mr. Glimco ever talk to you about it?

Mr. MURRAY. I don't know Mr. Glimco, no, sir, and I have never talked to Mr. Glimco.

Senator MUNDT. It is entirely possible that Mr. Creitz might have said that Mr. Glimco had talked to him about it?

Mr. MURRAY. That could have been.

Senator MUNDT. So you voted for it on the basis of the recommendation you got from Mr. Creitz?

Mr. MURRAY. I did, sir.

Mr. KENNEDY. Mr. Balaban.

The CHAIRMAN. You have been previously sworn in this hearing?

Mr. BALABAN. Yes, sir; I have.

TESTIMONY OF JACK S. BALABAN—Resumed

Mr. KENNEDY. Do the records indicate, Mr. Balaban, that Mr. Blakely, at least for some period of time, owned some stock in the Dearborn Insurance Agency?

Mr. BALABAN. They do indicate so.

Mr. KENNEDY. Now they indicate so by the fact that he sold the stock and we have some documentation on the fact that he sold the stock at one period of time.

Mr. BALABAN. Yes, sir.

Mr. KENNEDY. Would you relate to the committee what happened?

Mr. BALABAN. We have a photostatic copy of a check, dated July 24, 1951, drawn on the Central Bank on the account of Mr. Harland R. Maris in the amount of \$200, and it is made payable to James Blakely.

Now on the stub for this check there is the following notation. It is dated January 24, 1951, payable to James Blakely, \$200, No. 10 North Wells Street, Chicago, Dearborn Insurance Agency stock.

Mr. KENNEDY. It would indicate that at least he sold the stock in 1951 back to the Dearborn Insurance Agency at its par value.

Mr. BALABAN. That is correct; either that or to Mr. Harland R. Maris.

TESTIMONY OF JOHN W. MURRAY AND ELMER CRANE—Resumed

Mr. KENNEDY. Did you know anything about that, Mr. Crane?

Mr. CRANE. No, sir.

Mr. KENNEDY. You didn't make those arrangements?

Mr. CRANE. No. This is the first I heard of it.

Mr. KENNEDY. It would indicate from the correspondence that those arrangements had been made with you, that you were handling the hotel and restaurant workers.

(Document referred to was marked "Exhibit No. 38" for reference and will be found in the appendix on p. 18094.)

Mr. CRANE. I don't know what you are referring to.

Mr. KENNEDY. The postscript on the letter of January 10.

Mr. CRANE. Yes.

Mr. KENNEDY (reading) :

Did Crane ever pay for the 200 shares of stock for the hotel people? If not, don't mention it to him as I want to bring it out in the meeting that that is the only stock not paid for. I believe that Allen knows that Vacey paid him for it.

Mr. Blakely was part of the hotel people.

Mr. CRANE. That is right.

Mr. KENNEDY. It would indicate from that correspondence that you were aware of the fact that they were obtaining some stock.

Mr. CRANE. I wasn't. I wasn't until just now. I never knew of the existence of this check.

Mr. KENNEDY. All right.

The CHAIRMAN. Are there any further questions?

Senator CAPEHART. I will just say this check was drawn on a California bank, Harland R. Maris, for \$200, and there is a notation which says on the stub "Dearborn Insurance Agency," but I find no indication that this is in payment of stock. I think the Dearborn Insurance Agency is mentioned here, it is going to be charged to the Dearborn Insurance Agency for some sort of expense item. The check is made out by Harland R. Maris.

Mr. CRANE. Was it a Dearborn Insurance Agency check?

Senator CAPEHART. It is a Maris check for \$200.

Mr. CRANE. Issued to Blakely.

Senator CAPEHART. And it says: "Paid to James Blakely, 10 North Wells, Dearborn Insurance Agency, stock." It looks like "Dearborn Insurance Agency stock." It says, "Deposited 7-26-57." You have never seen this and you know nothing about it?

Mr. CRANE. It is the first I ever heard of it.

Senator CAPEHART. I presume Mr. Maris ought to be able to straighten this out.

Mr. KENNEDY. Mr. Murray, can you explain and then I will ask Mr. Crane. When the details of this arrangement were so specifically set out in all of this correspondence, how is it that nobody seems to be able to explain it, those who were involved?

Mr. MURRAY. I don't know.

Mr. KENNEDY. Can you explain that, Mr. Crane?

Mr. CRANE. I can't make any conjecture. All I know is that there were five original stockholders and there became four and then it was dissolved in 1952.

Mr. KENNEDY. There is discussion about secret owners, how to hide the ownership of the stock.

Mr. CRANE. It was never discussed with me.

Mr. KENNEDY. It is specifically mentioned here about the fact that you knew about the Hotel and Restaurant people stock. Why would he be putting all of this in correspondence and writing to you all letters setting forth the details of it, and then you all appear before the committee and nobody can explain it? It doesn't make much sense.

Mr. CRANE. I was never supposed to see that.

Mr. KENNEDY. But it says you were to handle this aspect of it, and we find that Mr. Blakely did in fact receive some of the stock.

Mr. CRANE. This is the first I have heard of it.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right.

Call the next witness.

Mr. KENNEDY. Mr. Maris.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARIS. I do.

TESTIMONY OF HARLAND R. MARIS, ACCOMPANIED BY COUNSEL, F. JOSEPH DONOHUE

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MARIS. My name is Harland R. Maris, M-a-r-i-s. I live in Piedmont, Calif.

The CHAIRMAN. All right. What is your business or occupation, Mr. Maris?

Mr. MARIS. I am in the insurance business.

The CHAIRMAN. The insurance business?

Mr. MARIS. Yes, sir.

The CHAIRMAN. Mr. Maris, you have counsel. Counsel, will you identify yourself for the record, please?

Mr. DONOHUE. My name is F. Joseph Donohue. I am an attorney at law, my office is at 503 D Street NW., in Washington, D.C., and I appear as counsel for the witness, Mr. Harland Maris.

The CHAIRMAN. Thank you very much.

All right, proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, before I start asking this witness some questions, we had subpoenaed Mr. Frank Keenan to appear before the committee. He wrote a letter to the committee about the fact that he is in some tax difficulty. He wrote that he has been convicted of income tax evasion and that it is now being considered by a higher court. He felt it would be unfair to have him appear at this very time.

The CHAIRMAN. Would these matters be involved in it?

Mr. KENNEDY. It is possible that some of these matters would be involved in it; yes, sir.

The CHAIRMAN. In other words, he was subpoenaed?

Mr. KENNEDY. He was subpoenaed.

The CHAIRMAN. Have you checked his statement with respect to his tax difficulties?

Mr. KENNEDY. Yes; we have. It is on appeal to a higher court and being considered at the present time. So he has been excused at least for the present time from appearing; his appearance was postponed.

Then we have Mr. James Blakely, who is an international vice president of the Hotel and Restaurant Workers Union, whom we have been trying to get to appear before the committee for almost a year now. He is still ill, so he cannot appear.

The CHAIRMAN. Have we satisfactory evidence of his illness?

Mr. KENNEDY. We do.

The CHAIRMAN. Or of his inability to appear on that account?

Mr. KENNEDY. We do.

The CHAIRMAN. All right.

Mr. KENNEDY. Then we have Mr. Frank Brown, who is the president of the union and one of the four individuals who we believe obtained an interest in the Dearborn Insurance Agency, in which the letters and the correspondence indicated he had an interest. He has presented a doctor's certificate to the committee that he is also too ill to testify.

The CHAIRMAN. We have a doctor's certificate, which appears to be signed by Dr. Samuel Klein, with respect to Mr. Brown. This certificate may be printed in the record at this point.

If that is correct, I do not know whether he will ever feel either disposed or be able to appear before the committee. We may have to finally close the record without him.

(The certificate referred to follows:)

JOLIET, ILL.

To Whom It May Concern:

Attention: Robert Kennedy, Chief Counsel, I have been asked to write to you regarding a patient, Mr. Frank Brown, of New Lenox, Ill.

Mr. Brown has been under my care since August 2, 1958.

He is suffering from arteriosclerotic heart disease and diabetes mellitus. Mr. Brown also suffered a cerebral hemorrhage in 1956, which is still manifested by weakness of the left arm and hand.

In 1951 Mr. Brown suffered a coronary heart attack.

I deem it a risk to Mr. Brown's health to be subjected to the stress accompanying the trip, and the subsequent questioning before your committee.

Very truly yours,

SAMUEL KLEIN. M.D.

The CHAIRMAN. The other document with respect to Mr. Keenan, with respect to his tax problems, when do you anticipate they will be settled?

Mr. KENNEDY. Within the near future, Mr. Chairman. I do not know what the result of the court case will be or whether he will then appeal it if he loses it. It is difficult to tell.

The CHAIRMAN. Who is the other one who is ill?

Mr. KENNEDY. Mr. Blakely.

The CHAIRMAN. Do we have a certificate regarding him?

Mr. KENNEDY. That is already in the record.

The CHAIRMAN. Very well. Proceed.

Mr. KENNEDY. Mr. Maris, what we have here is this correspondence and these memorandums written by you and by others in connection with the Dearborn Insurance Agency, which would indicate that four individuals—Mr. Blakely, Mr. Vacey, Mr. O'Brien, and Mr.

Brown—had an interest in the Dearborn Insurance Agency, and that you were explaining how the Dearborn Insurance Agency was operating. It would appear that these individuals had an interest with your fellow officers and fellow stockholders in keeping them closely advised.

But they have appeared before the committee and say that they have no explanation for the letters. It is not that they refute them, but they say they have no explanation. They keep referring us to them, saying, "Mr. Maris will have to explain it," that it is a complete mystery.

They say even when they received the letters, although it was a mystery at the time, they did not raise any question about the secret ownership and other things. So it all comes down to you.

I would like if you would explain to the committee the situation involving the Dearborn Insurance Agency and whether, in fact, any union officials were brought in and given an interest.

Would you tell the committee about that?

MR. MARIS. I respectfully decline to answer the question on the ground that my answer might tend to incriminate me.

MR. KENNEDY. The correspondence and the memoranda indicate, Mr. Maris, that this was to be a silent ownership, that it was to be handled quietly so that nobody would be aware of it.

Could you explain why it was to be handled in that fashion?

MR. MARIS. I respectfully decline to answer the question on the ground that my answer might tend to incriminate me.

MR. KENNEDY. Did you have to make these arrangements in order to obtain the insurance from Local 703, Local 710, Local 593 of the Hotel and Restaurant Workers Union, Local 777 of the Teamsters?

MR. MARIS. I respectfully decline to answer the question on the ground that my answer might tend to incriminate me.

MR. KENNEDY. Is that why you were able to obtain such an unusually high brokerage rate, because of the fact that you had to take care of these union officials?

MR. MARIS. I respectfully decline to answer the question on the ground that my answer might tend to incriminate me.

Senator MUNDT. Are you now or have you ever been an underwriter or broker for the Occidental Life Insurance Co.? You cannot incriminate yourself with that unless your dealings with Occidental were criminal or unless the Occidental Life Insurance Co. itself is involved in criminal activities.

MR. MARIS. I respectfully decline to answer the question on the grounds that my answer might tend to incriminate me.

Senator MUNDT. Can you give us any explanation of how your association with the Occidental Life Co. can be self-incriminatory?

MR. MARIS. I respectfully decline to answer the question on the grounds that my answer might tend to incriminate me.

The CHAIRMAN. May I ask, for the information of all of us, this question: As I understand it, this Dearborn Co. still handles the insurance, does it?

MR. KENNEDY. That is correct.

The CHAIRMAN. And Mr. Maris is still a part of this Dearborn Co., in the partnership?

MR. KENNEDY. Yes.

Senator MUNDT. Do they still have their connections with Occidental?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Sometimes we get these crooks in here, these hoodlums and racketeers, that element that we call the underworld characters, taking the fifth amendment when they get involved with some labor union. I just want to see what the business interests of this country will do, how they will handle their business with these folks who have to come in here and take the fifth amendment and cannot talk about their business affairs.

I just want to emphasize it and call it to the attention of the Occidental Life Insurance Co., that they are doing business with somebody who cannot come in here and open up and tell what he knows about transactions that may have involved a conspiracy with union leaders to help operate to the detriment of people who work and pay union dues.

I just want to see what this company's attitude will be about it.

Senator MUNDT. It would be rather interesting in that connection, Mr. Chairman. If it does develop in testimony from the officials of the Occidental Life that they are doing business with this outfit, whether or not they are going to continue to engage in the life insurance business through representatives who take the fifth amendment.

The CHAIRMAN. That is what I was trying to emphasize.

Senator MUNDT. It is about time responsible citizens, it seems to me, get rid of characters who take the fifth amendment concerning their activities.

The CHAIRMAN. I expressed my views a little about it when these, I repeat, underworld characters come in and take the fifth amendment. I just cannot feel any differently toward business interests. If they feel they have to do it, I feel their actions are just as reprehensible as the fellow we call a racketeer or a gangster.

Senator MUNDT. Are you able to state under oath, Mr. Maris, that you have been conducting a respectable and responsible insurance business, or have you been in a racket?

This gives you a chance to get yourself on the record fairly and honestly and openly. We don't want to misjudge you. I ask you that question directly under oath.

(The witness conferred with his counsel.)

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Senator MUNDT. You realize the implication of that must be, to the press, to the good people of Piedmont, and in Chicago, that you are in a racket, if you can't answer a question like that. I am giving you a chance to purge yourself of false implications.

I don't know what you are involved in, but if you are a legitimate businessman, you can say yes to that, even though you take the fifth amendment on the details of your business.

I will ask you that again: Have you been engaged in a legitimate business or have you been engaged in a racket disguised as an insurance business?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Senator MUNDT. O.K.

Mr. KENNEDY. I want to refer to the letter of January 10, 1951, which rather summarizes the situation, or would appear to. It is a letter written by you.

I appreciate your staying over for this matter and only wish that Frank were there, too, but we can take plenty of time on the phone so he understands it and I know that Brown and O'Brien will. I then propose to have the open meeting, present the statement, answer questions, and once and for all, even if I have to have help from the Teamsters and you, put Brother Crane in his place forever. Let us pray. As you know, it was no simple job to get the insurance company up from 4 percent first year commission and 2 percent renewal commission to 10 percent first year commission and 4 percent perpetual renewal. I can tell you simply that there is not a contract like it in America.

Is that correct?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY. Then you go on to say:

I never sent Mrs. Tookey any flowers as one of our stockholders did.

Who is Mrs. Tookey?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY (reading):

For your information, and I will reveal it to the entire group, every dollar's worth of Dave Beck's Teamsters business for the 11 Western States is written in Occidental and the commission scale is 4 percent first year and 2 percent renewal. Therefore, we must impress upon our stockholders that in order to keep the contracts running as they are, they must work closely with their trustees in order to justify the additional expense items at the end of the year when the accounting is done on each of these several deals. In other words, John, if the hotel association or the Teamsters' employer group should even intimate that other companies can do this job for a lower retention figure, they have got to go to bat for us. Once again, in this type of business, when you are working as a corporation, there is only one profitable method of doing business and that is to write deals that are controlled without bids.

Is that correct, Mr. Maris?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY (reading):

Then it is possible for the company to get enough premium to do the job and, inasmuch as commissions are built upon percentage of premium, obviously the higher premium we get, the higher commission we get, even though we return a higher dividend.

Can you explain that?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY. Then we have the letter of February 2, 1951, written by you, on the procedure that you are going to use:

There are 40 shares of stock issued to two trust numbers in the La Salle National Bank never completed.

Then you set out:

Send the two 20-share certificates to me and we will cancel them. Then we will issue, say, four 10-share certificates to L. W. Wrixon, who in turn will endorse them, making them free stock as you suggested and immediately mail them to the proper individuals.

Who were they to go to? Who were the "proper individuals"?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY. Is that Mr. Blakely, Mr. Vacey, Mr. O'Brien, and Mr. Brown?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY (reading) :

When dividends are paid, they will, of course, be paid to L. W. Wrixon. He in turn will endorse the checks, forward them to the proper people and notify the Treasury Department that he has acted as attorney for the individuals and give the Treasury Department the amount of the dividends upon which tax should be paid by the actual owners of the stock.

Who were the actual owners of the stocks?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

(At this point Senator McClellan left the hearing room.)

Mr. KENNEDY. There were also in this correspondence a considerable number of letters indicating that you were making some payouts during this period of 1950-51. Did any of this money go to any union officials?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. Mr. Chairman, could I call Mr. Mundie in connection with that matter?

The CHAIRMAN. Come forward, Mr. Mundie.

TESTIMONY OF JAMES F. MUNDIE—Resumed

The CHAIRMAN. You have been sworn, have you?

Mr. MUNDIE. I have.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Do we find, Mr. Mundie, from a review of the bank records, that Mr. Maris cashed a considerable number of checks during the period 1950-51?

Mr. MUNDIE. Yes. I examined the cash receipts book of the Dearborn Insurance Agency, Inc., for the years 1950 to 1952.

Mr. KENNEDY. Would you tell the committee what checks were turned to cash, just to cash? There were some checks you could trace through. But name the checks that were turned into cash during this period of time.

The CHAIRMAN. As I understand, these are checks drawn on the Dearborn account?

Mr. MUNDIE. That is correct.

The CHAIRMAN. And drawn by Maris?

Mr. MUNDIE. And Murray.

The CHAIRMAN. Maris and Murray. And they were drawn to cash. In other words, the money came out of the Dearborn funds?

Mr. MUNDIE. Payable to Harland R. Maris, these checks were.

The CHAIRMAN. Payable to him and he cashed them?

Mr. MUNDIE. That is correct.

The CHAIRMAN. All right. Proceed.

Mr. MUNDIE. From June 12, 1950, to November 27, there were six checks drawn to Harland R. Maris, in the total amount of \$20,500. These checks were cashed at the La Salle National Bank, Chicago, Ill.

The CHAIRMAN. How much?

Mr. MUNDIE. \$20,500.

The CHAIRMAN. Is there anything in the records to show what this money went for other than for cash to him?

Mr. MUNDIE. They are supposed to be commissions to the Maris-Scully Corp.

The CHAIRMAN. That is a corporation that he set up on his own?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. But the money never went to Maris-Scully?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. You traced some money to Maris-Scully which is not included in that?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. This is money which was supposed to go for that purpose, which in fact never went for that purpose?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. What sort of checks?

Mr. MUNDIE. On June 12 there was a check drawn in the amount of \$2,500. On September 9 there was a check drawn in the amount of \$4,000. On September 10 a check in the amount of \$1,345. On September 19 there was a check drawn in the amount of \$3,655. On October 20 there was a check in the amount of \$5,000, and on November 27 there was a check in the amount of \$4,000.

Mr. KENNEDY. Above and beyond this, of course, he had the checks that he used for expenses and all the rest of them?

Mr. MUNDIE. That is correct.

Senator MUNDT. Did you give any of that money to Mr. Glimco?

**TESTIMONY OF HARLAND R. MARIS, ACCOMPANIED BY COUNSEL,
F. JOSEPH DONOHUE—Resumed**

Mr. MARIS. I beg your pardon?

Senator MUNDT. Did you give any of that money to Mr. Glimco?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Senator MUNDT. How about Mr. Brown?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Senator MUNDT. How about Mr. Blakely?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY. What about 1951?

Mr. MUNDIE. In the year 1951 there was a total of seven checks, payable to Harland R. Maris, in the amount of \$27,800.

The CHAIRMAN. \$27,800?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. This would be after the insurance had already been granted?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. What sort of checks were they?

Mr. MUNDIE. On March 12, 1951, a check in the amount of \$11,000; on April 20 a check in the amount of \$1,300; June 4 a check in the amount of \$5,000; June 11, a check in the amount of \$3,000; August 28 a check in the amount of \$3,000; August 29 a check in the amount

of \$2,000; October 17 a check in the amount of \$2,500.

Senator MUNDT. Mr. Mundie, did you examine Mr. Maris' personal income tax returns for those years?

Mr. MUNDIE. Yes.

Senator MUNDT. Does he show this as revenue on his income tax return?

Mr. MUNDIE. In the year 1951; yes.

Senator MUNDT. How about the year 1952?

Mr. MUNDIE. They were reported on the Maris-Scully Corp.

Senator MUNDT. Did the money go to the Maris-Scully Corp.?

Mr. MUNDIE. No, sir.

Senator MUNDT. It did not go?

Mr. MUNDIE. Unless he paid it in cash. He cashed them in Chicago. If he did, he took the money to California with him.

The CHAIRMAN. Do the books show it as income to that corporation?

Mr. MUNDIE. Maris-Scully reported on their tax return in the amount of \$30,000. On January 18, 1951, there was a deposit in the amount of \$9,500 to the Maris-Scully Corp.

Mr. KENNEDY. But the rest of the amount never appeared?

Mr. MUNDIE. No, sir.

Mr. KENNEDY. You gave us what? The last one was 1951?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Did he report the amount in 1950 on his income tax?

Mr. MUNDIE. No, he did not. The Maris-Scully reported that.

Mr. KENNEDY. But the money that he took and cashed in 1950, which was some \$20,000, did he report that as income?

Mr. MUNDIE. No, sir.

Mr. KENNEDY. You have not yet put in the figures for 1952?

Mr. MUNDIE. No, sir.

Mr. KENNEDY. Why not proceed with that.

Mr. MUNDIE. In the year 1952 checks were made payable to him in the amount of \$36,140.

The CHAIRMAN. How much?

Mr. MUNDIE. \$36,140.

The CHAIRMAN. \$36,140?

Mr. MUNDIE. Yes, sir. Of which \$9,400 was cashed; \$26,740 went into his personal bank account in Oakland—the Bank of Commerce, Oakland, Calif.

Mr. KENNEDY. So the only part we are interested in in that money would just be the \$9,000?

Mr. MUNDIE. \$9,400.

Mr. KENNEDY. The rest you were able to trace through?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. So we are dealing with \$20,00 in 1950 and \$27,800 in 1951 and \$9,400 in 1952. These are checks that were cashed which we cannot trace.

Mr. MUNDIE. That amount is \$57,700.

Mr. KENNEDY. There was a great deal of other money that was handled by the witness during this period of time, but which we have been able to trace to his own bank account; is that right?

Mr. MUNDIE. The grand total is \$93,940, of which \$57,700 was cashed at the La Salle National Bank in Chicago, \$9,500 to the Maris-Scully Corp., and \$26,740 deposited in his personal bank account in Oakland, Calif.

Senator CAPEHART. Was income tax paid on all of this?

Mr. MUNDIE. Well, the income tax for the year 1950 was reported on the Maris-Scully Corp.

Senator CAPEHART. That was the partnership, was it not?

Mr. MUNDIE. No, sir; that was a corporation.

Senator CAPEHART. But the taxes were paid by them?

Mr. MUNDIE. Yes, sir.

Senator CAPEHART. So then the taxes were paid on all the money?

Mr. MUNDIE. It appears that it was on the return; yes.

Senator CAPEHART. Do you have any proof as to whether anybody got any of the cash besides this gentleman?

Mr. MUNDIE. No, sir. When you cash a check, that is the end of it.

Senator CAPEHART. In other words, you have no proof of what he got?

Mr. KENNEDY. The only proof we have is that he got it.

Senator CAPEHART. You have no proof that he gave it to anybody else?

Mr. MUNDIE. No, sir.

Mr. KENNEDY. Could you tell us what you did with it?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY. I would like to ask about these checks, Mr. Chairman. Can we have those documents made exhibits from which Mr. Mundie has testified?

The CHAIRMAN. That group of checks may be made exhibit No. 39 in bulk. They may be lettered according to their date.

(Documents referred to were marked "Exhibit No. 39" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I present to you, Mr. Maris, exhibit No. 38, a photostatic copy of a check, and ask you to examine it and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you examined the exhibit?

Mr. MARIS. Yes, sir.

The CHAIRMAN. Do you identify it?

Mr. MARIS. Yes, sir.

The CHAIRMAN. Sir?

Mr. MARIS. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, the exhibit has been identified.

Mr. KENNEDY. Can you give us an explanation of that check, Mr. Maris?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any further questions?

Do you want to be of any help at all in helping to clear up this matter if there is anything about it that can be told without self-incrimination? I want to give you an opportunity to do it if there is.

Is there anything you can tell about it, about what you have been asked, without the possibility of self-incrimination?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Are there any other questions?

If not, stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Chaddick.

The CHAIRMAN. Mr. Chaddick.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CHADDICK. I do.

TESTIMONY OF HARRY F. CHADDICK

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. CHADDICK. My name is Harry F. Chaddick. I live in Chicago, Ill. I am a consultant, and also chairman of the local 710 health and welfare fund. My office is at 33 North La Salle Street.

The CHAIRMAN. Thank you.

Do you waive counsel?

Mr. CHADDICK. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chaddick, you have been on the labor negotiating committee of the Central Motor Freight Association?

Mr. CHADDICK. Yes, I have.

Mr. KENNEDY. And you have had an interest in a number of different trucking companies, have you?

Mr. CHADDICK. Yes, I have.

Mr. KENNEDY. You formerly owned the Standard Freight Lines, Inc.; is that right?

Mr. CHADDICK. Yes. I was president of that company.

Mr. KENNEDY. You are a trustee of local 710 health and welfare plan?

Mr. CHADDICK. I am still a trustee.

Mr. KENNEDY. And you have been since its inception?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. Mr. Chaddick, the contract that was made with the Occidental Insurance Co. through the Dearborn Insurance Agency—is that right?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. Were you aware of the fact that the Dearborn Insurance Agency and Mr. Maris were receiving the commissions at the rate of some 10 percent initially?

Mr. CHADDICK. No, I was not.

Mr. KENNEDY. Did the Occidental Insurance Co. ever tell you of the fact that they had paid these high commissions to the Dearborn Insurance Agency, or to Mr. Maris individually?

Mr. CHADDICK. No, sir, they did not.

Mr. KENNEDY. Did you know that a Mr. Wraith, W-r-a-i-t-h, has received some \$100,000 in connection with this insurance?

Mr. CHADDICK. No, sir, I did not.

Mr. KENNEDY. When did you first learn that these payments had been made?

Mr. CHADDICK. I first learned of the Wraith payments in 1957, when there was a breakup in the Dearborn Insurance partnership.

Mr. KENNEDY. Prior to that you knew nothing about it?

Mr. CHADDICK. No, sir, we did not.

Mr. KENNEDY. Were you exercised at that time, concerned at that time?

Mr. CHADDICK. Yes, I was, very much so.

Mr. KENNEDY. Did you pay a visit to Occidental?

Mr. CHADDICK. Yes. We wrote Occidental Insurance at that time and we asked them to give us a complete analysis of the retentions, taxes, administrative expense and all other items pertaining to our policies.

Mr. KENNEDY. Did they give you that information?

Mr. CHADDICK. No, they did not. They did not give us the Wraith information.

The CHAIRMAN. You are one of the trustees, and the Occidental refused to give you the rates and commissions, and so forth?

Mr. CHADDICK. Mr. Senator, what they did was they gave us a breakdown showing the commissions that were paid, the taxes paid in the State of Illinois, the Federal taxes and administrative expense. But they did not give us any information as to any commissions being paid to others than Dearborn Insurance.

The CHAIRMAN. Other than to the Dearborn agency?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. They did not inform you that they were paying money directly to Maris?

Mr. CHADDICK. No, they did not.

Mr. KENNEDY. In view of the fact that you made a trip out there—you made a trip out there, did you?

Mr. CHADDICK. No; I did not make a trip there.

Mr. KENNEDY. In view of the fact that you had correspondence and inquired about this, didn't you expect that you would receive all of this information?

Mr. CHADDICK. I did. In fact, we sent our auditors out to Occidental Insurance to get all of this information for us and to bring it back to the board of trustees. In his report he did not disclose any commissions other than those paid to Dearborn.

Mr. KENNEDY. When did you finally learn of these other commissions being paid?

Mr. CHADDICK. Officially I learned of it today.

Mr. KENNEDY. Up until today you hadn't know about it?

Mr. CHADDICK. No; I had not known it.

Mr. KENNEDY. Yet you had inquired back in 1957 of Occidental to try to learn all the payments that had been made in connection with this?

Mr. CHADDICK. May I explain that?

Mr. KENNEDY. Yes.

Mr. CHADDICK. The reason we made the inquiry at that time was that the partners had sent the trustees a registered letter informing us that there was a disagreement between the partners and Mr. Maris was no longer representing the agency. Our inquiry at that time disclosed that there was an override being paid by Occidental which we knew nothing of.

And at that time we sent our auditors out to determine what the override was and to determine what it was charged to.

It now appears that it was charged to the administrative expense and not to the commissions as shown on the analysis.

Mr. KENNEDY. Did you feel, when you made this inquiry and sent your auditor out, that you should have been provided with this other information?

Mr. CHADDICK. We weren't too sure, because I felt, and I believe the other trustees did, that these partners were squabbling among themselves, and we had no way of making any further investigation.

Occidental, I don't believe, would have permitted us to examine their books.

Mr. KENNEDY. When you sent your auditor out, and when you made this inquiry, did you feel that you were obtaining the full information as to what was being paid by Occidental?

Mr. CHADDICK. Yes; we did.

Mr. KENNEDY. It was not up until today that you found out that you didn't receive the information?

Mr. CHADDICK. That is correct.

The CHAIRMAN. In that connection, do you feel that the Occidental played fair with you?

Mr. CHADDICK. No; I do not.

The CHAIRMAN. In view of the developments, on the basis of developments, do you think that they withheld information they should have given you, that you were entitled to receive?

Mr. CHADDICK. Yes, sir; I do.

Senator CAPEHART. Mr. Chairman?

The CHAIRMAN. Senator Capehart.

Senator CAPEHART. Why did you buy the policies originally from Occidental?

Mr. CHADDICK. Because we felt that Occidental had the best service and that they were a good, reputable company.

Senator CAPEHART. Did you get the rates of other companies before you purchased from Occidental?

Mr. CHADDICK. Yes, sir; we did.

Senator CAPEHART. Did they have as good a rate or better than other companies?

Mr. CHADDICK. They were equal with two other companies.

Senator CAPEHART. Large companies?

Mr. CHADDICK. One large one, which was Hancock.

Senator CAPEHART. Do you mean the premium rate was equal to two other companies?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. Was there anything in your contract with Occidental that required them to tell you what commission they paid to their agents?

Mr. CHADDICK. No, sir, there was not.

Senator CAPEHART. Was that a requirement? Did you make that a requirement when you bought the insurance from them?

Mr. CHADDICK. No, sir, we did not.

Senator CAPEHART. As a businessman, did you feel that you were entitled to know how much they were paying their salesmen and their agents and their officers?

Mr. CHADDICK. Senator, if I knew then what I know now, I most certainly would have insisted that it be written into the contract.

Senator CAPEHART. I see. But you didn't at the time know?

Mr. CHADDICK. No, we did not.

Senator CAPEHART. Was there any particular reason why they should give you this information?

Mr. CHADDICK. At that time?

Senator CAPEHART. Yes.

Mr. CHADDICK. I think in view of the fact that we were all novices at this type of business, I think we should have been fully informed as to the application of rates and the breakdown of expenses to be applied to our accounts. Of course——

Senator CAPEHART. You feel, then, that the insurance company should tell their policyholders exactly how much commission they pay to their salesmen and their agents, and how much profit they make, and all their expenses? I am talking to you now as a businessman.

Mr. CHADDICK. Well Senator, I certainly can't say that about all policyholders of an insurance company. But in this instance, we at the present time pay premiums of approximately \$1 million a year.

Senator CAPEHART. How many employees does that cover?

Mr. CHADDICK. That covers about 11,000.

Senator CAPEHART. About 11,000?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. But you do have the right at the end of every year, if you wish to do so, to place the business with some other company?

Mr. CHADDICK. Yes, sir, we do. We have just a 1-year contract, from year to year.

Senator CAPEHART. Who is the other employer representative on the board? Are there four trustees?

Mr. CHADDICK. No, sir, six; three employers and three from the union.

Senator CAPEHART. Who are the other two employers?

Mr. CHADDICK. Mr. Barney Kushman, Kushman Motor Delivery, and Mr. Roy Pride, secretary of the labor division of Central Motor Freight Association.

Senator CAPEHART. And yourself?

Mr. CHADDICK. And myself.

Senator CAPEHART. Who are the union representatives?

Mr. CHADDICK. Mr. Frank Keegan, Mr. John C. O'Brien, and Mr. Frank Smith.

Senator CAPEHART. Who is Keegan?

Mr. CHADDICK. He is the business agent of local 710.

Senator CAPEHART. You six gentlemen bought this Occidental Insurance?

Mr. CHADDICK. We were not the trustees. Originally—there have been substitutions in the past 10 years.

Senator CAPEHART. But the six trustees do buy the insurance?

Mr. CHADDICK. Yes, sir; that is correct.

Senator CAPEHART. That is for the 11,000 employees?

Mr. CHADDICK. That is correct.

Senator CAPEHART. And the Occidental Co. has had it from the very beginning?

Mr. CHADDICK. That is correct.

Senator CAPEHART. And these commissions that we are talking about were back in 1950 and 1951?

Mr. CHADDICK. Well, they started back in 1950.

Senator CAPEHART. Were you a trustee then?

Mr. CHADDICK. Yes, sir; I was.

Senator CAPEHART. You have been a trustee right straight through?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. And you feel as a businessman that you are entitled to know the rate of commissions of the concern that sells you something, that it pays its salesmen?

Mr. CHADDICK. Senator, Occidental has been giving us this information now for the past 6 or 7 years.

Senator CAPEHART. Voluntarily giving it to you?

Mr. CHADDICK. Yes, sir; with the exception that they did not—

Senator CAPEHART. In all fairness, this commission that was paid in California was charged to administration. Is that your understanding?

Mr. CHADDICK. No. It is my understanding, Senator, they do give us a breakdown each year. We negotiate for each of the specific items, commission, taxes, administration, and so forth.

Senator CAPEHART. You do that in order to get a reduced premium?

Mr. CHADDICK. Yes, sir; we do.

(At this point Senator Mundt withdrew from the hearing room.)

Senator CAPEHART. Have you had reduced premiums from time to time?

Mr. CHADDICK. No; we have had no reduced premiums. We have been very lucky in keeping the premium the same for the past 10 years.

Senator CAPEHART. In other words, Occidental's rate has been low; is that it?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. You consider the rate they have been charging you has been low in comparison to what other insurance companies would have charged you?

Mr. CHADDICK. Yes, sir; I am very satisfied with the rate.

Senator CAPEHART. What is the complaint against Occidental, then?

Mr. CHADDICK. Senator, I have no complaint against Occidental other than in the analysis that is presented to us each year they show one-half of 1 percent commissions. If there were any commissions paid to this man Wraith, it was paid from some other item, other than the commissions shown on the statement.

(At this point Senator Mundt returned to the hearing room.)

Senator CAPEHART. And the company maintains it as administrative expense?

Mr. CHADDICK. I believe so. I am not sure.

Senator CAPEHART. But you are satisfied with the premium rate that Occidental gives you?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. And the service they give you?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. And you continue to do business with them regularly?

Mr. CHADDICK. Yes, sir, we do. Our experience has been fine with them.

Senator CAPEHART. Were you ever conscious that union officials were part owners, if they were—I am not saying they were, because I don't know—of this insurance company in Chicago?

Mr. CHADDICK. No, sir, I never was conscious of it.

Senator CAPEHART. Do you think they are or ever were owners, you being one of the trustees associating with them?

Mr. CHADDICK. Senator, the best I can say is I would very much not like to believe that that is true.

Senator CAPEHART. But you have no way of knowing whether it is or is not?

Mr. CHADDICK. No, sir, I do not.

Senator MUNDT. In view of what you just told Senator Capehart, Mr. Chaddick, I want to ask you a couple of questions about a letter that Mr. Allen Creitz wrote to Mr. Maris on April 12, 1951, in which he rather freely interprets your point of view and position. Among other things, he said:

Harry Chaddick was quite put out that he had not received the correct figures to begin with.

That was after you had contacted Roy Pride, secretary of the association, to get some experience figures on this policy; is that correct?

At that time, were you quite put out about something? This is 1951.

Mr. CHADDICK. At that time—I saw that letter. That is, I just saw it today. I am not able to reconcile those figures. They seem awfully high to me. However, at that particular time I was disturbed because it was the first time that he had had an opportunity of analyzing our experience. Actually, knowing what had been paid out and what the premiums were that had been paid into Occidental. As I said before, they never did give us an analysis of the account. They had reserves set up and we didn't know what the commissions were, and I was quite disturbed when I found out that they had paid out only approximately 53 percent of the premiums that had been paid in for the year 1950.

Senator MUNDT. Of course, I think I would agree with Senator Capehart, that once you make a contract with an insurance company, as a policyholder the insurance company does not necessarily have to tell you about the interworkings of the company, how much commissions they paid, and to whom.

You presumably exercised due diligence before you made the contract. You found the rate was competitive at that time.

Certainly they are not compelled to report to every policyholder how they handle their agency operations.

It does say here that Frank Brown wants you, Mr. Maris, to see him before you, Mr. Maris, give Chaddick any information. Then it says—

Frank Brown is definitely not interested in a reduced premium even though Harry Chaddick is.

At that time, apparently, you wanted a reduced premium.

Mr. CHADDICK. Yes, sir, I did.

Senator MUNDT. Was there anything in your contract with Occidental which provided a deescalator clause in the event they made more profit than they thought they were going to?

Mr. CHADDICK. Senator, all I say is that as a trustee I felt it was my responsibility to get the very lowest cost for the administration of

the funds. If we could not get a reduction in the rate from Occidental at that time we, of course, had the right of cancellation at the end of the year.

Senator MUNDT. Did you get a reduction in the premium?

Mr. CHADDICK. No, we did not, but we did finally get an agreement with them that was on a retrospective basis, where there is no question about it now. We have a fair and equitable distribution of the premiums in relationship to the claims.

Senator MUNDT. In other words, you have a contract now that takes into consideration the experience they have with your particular people?

Mr. CHADDICK. That is correct.

Senator MUNDT. So if you have a good experience rating, you get a lower rate and with a bad experience rating you would get a higher rate?

Mr. CHADDICK. That is correct.

Senator MUNDT. When did you get that revision of the contract?

Mr. CHADDICK. I am not sure, Senator, but I believe it was in 1954.

Senator MUNDT. 1954?

Mr. CHADDICK. 1953 or 1954.

Senator MUNDT. Did that provision grow out of these protests or this manifestation of curiosity which you evidenced back there in 1951?

Mr. CHADDICK. I believe they did.

Senator CAPEHART. I have one question.

This letter of April 12, 1951, from Creitz to Maris, has premiums of \$1,552,372, and claims paid. Was that the letter you are referring to?

Mr. CHADDICK. Yes, sir; I believe it is.

Senator CAPEHART. Does that have to do with Occidental or is that some other company?

Mr. CHADDICK. No, that is Occidental.

Senator CAPEHART. Does that have to do with your policy?

Mr. CHADDICK. As I said a moment ago, Senator, I am not in agreement with those figures. The figures I cannot reconcile.

Senator CAPEHART. In other words, the premiums for 13 months were \$1,552,000. You said a minute ago the premiums were about a million a year.

Mr. CHADDICK. They are a million a year now, Senator. At that time we only covered the employees. Now we cover the dependents.

Senator CAPEHART. What is it you don't quite understand about this?

Mr. CHADDICK. I don't agree with the million and a half. We could not have paid that much in premiums. That is exaggerating.

Senator CAPEHART. So these figures then, are of very little value?

Mr. CHADDICK. They are of very little value; yes, sir.

Senator CAPEHART. But it was Occidental Insurance Co. they are talking about?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. The percentage is approximately the same, that Occidental was keeping the 52 percent?

Mr. CHADDICK. Yes, sir. The percentages in the letter are substantially correct in relationship to the premium.

Mr. KENNEDY. But the figures are not correct.

Senator CAPEHART. Why would the percentage be right if the amounts are wrong?

Mr. CHADDICK. Senator, after I had been permitted to see that letter, I decided to call Chicago and check on the premiums that had been paid and the losses that occurred in those years. The percentages come to just about the same.

Senator CAPEHART. In other words, you verified them?

Mr. CHADDICK. Yes, sir.

Senator CAPEHART. But in spite of this, you say that the Occidental's rates were competitive and lower than a couple of other companies?

Mr. CHADDICK. Yes, they were.

Mr. KENNEDY. Mr. Creitz told me, and Mr. Dandy, I think, will also state, that it was their understanding that these figures applied to Allen Dorfman's company, the Union Insurance Co.

What would you say about that?

Mr. CHADDICK. I would say it was impossible.

Mr. KENNEDY. Is that because Mr. Creitz had approached you about getting some figures? Is that correct?

Mr. CHADDICK. No, Mr. Creitz did not talk to me about getting the figures. I had called Creitz in and attempted to get the figures from Occidental. And not being able to get them, I told him I would get my own figures, which I did, and I submitted figures to Creitz. But those figures certainly don't tie in with the ones that I had submitted to him.

Mr. KENNEDY. But you say that the letter in general refers to Occidental rather than Union Casualty?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. The Occidental Insurance Co. has the feeling that it refers to the Union Casualty Co.

Mr. CHADDICK. No, sir. I had nothing to do with Union Casualty whatsoever.

Mr. KENNEDY. Mr. Creitz said it was in connection with a conversation that he had with you that he obtained these figures.

Mr. CHADDICK. No. I am sorry, he is wrong.

Mr. KENNEDY. The problem, as far as the Occidental Insurance Co., is that you started to make a study back in, what, 1951? And then again in 1955, or 1957, did you say?

Mr. CHADDICK. We started in 1951 and then we made them continuously each year from then on.

Mr. KENNEDY. You tried to find out what they were paying as far as commissions were concerned?

Mr. CHADDICK. Yes, we did.

Mr. KENNEDY. And you had not, up until today, obtained the correct figures? Is that right?

Mr. CHADDICK. That is correct. I did not know there was any commission paid to anybody other than Dearborn until today.

Mr. KENNEDY. So the complaint on the Occidental Insurance Co. is not so much the fact that they did not provide proper service, and that it is not generally a good insurance policy, but rather that they were deceitful in their providing of information to you?

Mr. CHADDICK. Well, of course, I don't know how they run their business, or whether these expenses are administrative expenses or should have been included in the commission expenses. But they didn't give them to us in the proper column where they rightfully belong.

Mr. KENNEDY. Certainly up to 1955 or 1956 they had not informed you that they were making these other payments to Mr. Maris at all?

Mr. CHADDICK. That is correct.

Mr. KENNEDY. In connection with that, I would like to call Mr. Murray once more, if I may, Mr. Chairman.

The CHAIRMAN. All right, Mr. Murray. Come forward, Mr. Murray.

You spoke about you didn't know the commission was paid to Mr. Wraith.

Mr. CHADDICK. Yes, sir.

The CHAIRMAN. Did you know there was an overriding commission being paid to Mr. Maris?

Mr. CHADDICK. No, we did not know that until 1957.

The CHAIRMAN. You didn't know that until 1957?

Mr. CHADDICK. When the partnership got into the squabble and sent registered letters to the trustees that they were breaking up the company.

Mr. KENNEDY. I want to ask you if you had known of these other commissions, Mr. Murray. Had you known the Occidental Insurance Co. was paying these other commissions?

TESTIMONY OF JOHN W. MURRAY—Resumed

Mr. MURRAY. When I found it out——

Mr. KENNEDY. When did you find it out?

Mr. MURRAY. In 1957, October or November of 1957.

Mr. KENNEDY. You didn't learn until 1957, yourself?

Mr. MURRAY. No, sir.

Mr. KENNEDY. Were you shocked at that?

Mr. MURRAY. Yes, sir.

Mr. KENNEDY. Were you shocked to find that out?

TESTIMONY OF HARRY F. CHADDICK—Resumed

Mr. CHADDICK. I sure was.

Mr. KENNEDY. Did you feel also that you had been deceived by the company?

Mr. MURRAY. That is right, and I went to California.

Mr. KENNEDY. And complained or protested?

Mr. MURRAY. I did.

Mr. KENNEDY. What was the result of that?

Mr. MURRAY. Mr. Dandy told me at that time that he was going to take away the override of Mr. Maris, and that was all. That is the only thing that came out of it.

Mr. KENNEDY. Did you know then that they were also making this payment to Mr. Wraith?

Mr. MURRAY. I found it out then.

Mr. KENNEDY. You found it out then?

Mr. MURRAY. Yes, sir.

Mr. KENNEDY. That payment, however, continued; is that right?

Mr. MURRAY. Yes, sir. He said that was the policy of the company, to keep the general agent in.

Senator CAPEHART. Did you try to get the commissions that went to these gentlemen for the Dearborn Co.?

Mr. MURRAY. No, sir. We were told at that time that there has to be a general agent in it anyway.

Senator CAPEHART. Why were you so excited about something, the Occidental Life Insurance Co. giving away their own money and paying someone else something, if you were getting an honest, fair, deal, and being paid a good commission?

Mr. MURRAY. We were objecting to the override that went to Mr. Maris.

Senator CAPEHART. Why? On what basis? What business was it of yours?

Mr. MURRAY. We felt that that should come back into Dearborn.

Senator CAPEHART. You mean you felt that you should receive it?

Mr. MURRAY. We felt that Dearborn should receive any commissions that a partner was getting.

Senator CAPEHART. In other words, you felt that it was all right for Occidental to pay it but they ought to pay it to you instead of these other gentlemen; is that correct?

Mr. MURRAY. Yes, sir.

Senator MUNDT. Let me ask Mr. Chaddick: What difference did it make to you whether the commission was split up between Dearborn and Maris or whether Dearborn got it all or Maris got it all?

Mr. CHADDICK. The difference it makes to me, Senator, is that in our contract with Occidental Insurance Co., they spell out the cost. For example, one-half of 1 percent commissions, 3.9 percent Illinois tax, 2.7 Federal tax, and 2.7 administration.

This is the way we negotiate our contract each year.

This commission item we have been cutting down continuously for the past 5 or 6 years, and we have finally cut it down to one-half of 1 percent. If they are part of the administrative expenses. I think we should have known that the commissions were not one-half of 1 percent, but probably 1 percent or whatever the amount should be. That is the difference it makes to me.

Senator MUNDT. You think that might have gotten you a lower premium payment?

Mr. CHADDICK. Yes, I do.

Senator CAPEHART. That would be your case, but that wouldn't be the case of the Dearborn.

Mr. CHADDICK. That is correct.

The CHAIRMAN. The Dearborn case is the case where one partner, unbeknownst to the other, was getting a higher percentage or share of the business, the profits, than he was supposed to get; is that correct?

Mr. MURRAY. That is right.

The CHAIRMAN. He was not playing fair with his partners.

Mr. MURRAY. That is right.

The CHAIRMAN. Each of you was supposed to have a certain percentage in the profits of the business?

Mr. MURRAY. That is right.

The CHAIRMAN. And, of course, your profits, presumably, were to be divided accordingly.

Mr. MURRAY. That is right.

The CHAIRMAN. But you found one partner on the side getting an override, something in addition and beyond anything that was known to the other partners.

Mr. MURRAY. That is right.

The CHAIRMAN. That is why you objected?

Mr. MURRAY. That is right.

The CHAIRMAN. You felt that if that extra money was being paid, it ought to come into the company or to the partnership and be divided according to the respective interests of the partners?

Mr. MURRAY. Yes, sir.

Mr. KENNEDY. If you had had this additional information, it would have been more of a bargaining point for you in trying to get a better deal for the truckdrivers that were under the contract?

Mr. CHADDICK. Yes, I believe it would.

Mr. KENNEDY. I just have one other matter I wanted to discuss.

I am finished with Mr. Murray.

Mr. Chaddick, you had gone into business with Mr. O'Brien in one period of time?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. That was in connection with a building, was it?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. It was owned by the Teamsters?

Mr. CHADDICK. Yes, sir. It was owned by 721, I believe.

Mr. KENNEDY. Local 721 of the Teamsters?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. And Mr. O'Brien came to you and told you that the building was for sale?

Mr. CHADDICK. Yes, sir, he did.

Mr. KENNEDY. And you then made arrangements to put a bid in, did you?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. And the buildings were sold to you?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. Then you went to Mr. O'Brien and you went into a partnership with him?

Mr. CHADDICK. That is correct.

Mr. KENNEDY. He put up how much money?

Mr. CHADDICK. \$7,500.

Mr. KENNEDY. And ultimately you disposed of some of the property?

Mr. CHADDICK. Yes, sir, we did.

Mr. KENNEDY. And you own the rest of the property at the present time?

Mr. CHADDICK. That is correct.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you.

Mr. KENNEDY. You paid how much for the building?

Mr. CHADDICK. \$65,000.

Mr. KENNEDY. \$65,000?

Mr. CHADDICK. Yes, sir.

Mr. KENNEDY. What was the building assessed at at that time?

Mr. CHADDICK. I don't know.

Mr. KENNEDY. About \$85,000?

Mr. CHADDICK. No. That was not the assessment. There was an appraisal. The appraisals, Mr. Kennedy, were about \$80,000, somewhere in that vicinity. I don't know what the assessments were.

Mr. KENNEDY. I meant appraisal.

Mr. CHADDICK. Yes.

(At this point Senator Capehart withdrew from the hearing room.)

Mr. KENNEDY. Is there anything else in connection with that?

Mr. CHADDICK. No, sir, I have nothing else.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. Mr. Dandy.

The CHAIRMAN. Mr. Dandy, come forward. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DANDY. I do.

TESTIMONY OF JOHN P. DANDY

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please?

Mr. DANDY. My name is John P. Dandy. I live in Los Angeles County, Calif. I am vice president of the Occidental Life Insurance Co. of California, in charge of the group underwriting, and I am an actuary. I am a fellow of the Society of Actuaries.

The CHAIRMAN. You waive counsel, Mr. Dandy?

Mr. DANDY. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Dandy, we have had the testimony before this committee that a brokerage commission was paid to both the Dearborn Insurance Agency and to Mr. Maris, personally, and also that the fee was paid to Mr. Wraith.

First, I would like to ask you if you were aware of the fact that there were any union officials involved in the Dearborn Insurance Agency?

Mr. DANDY. No, sir; I was not.

Mr. KENNEDY. Did Mr. Maris ever indicate to you that he was going to go into business with Mr. Brown or Mr. Vacey, Mr. Blakely or Mr. O'Brien?

Mr. DANDY. No, sir.

Mr. KENNEDY. He did not?

Mr. DANDY. No.

Mr. KENNEDY. You never were aware of that fact at all?

Mr. DANDY. I was not aware of it. I only knew of—as a matter of fact, three shareholders at that time was all I knew of.

Mr. KENNEDY. Was it on the request or suggestion of Mr. Maris that you paid the commission rate that you paid to the Dearborn Insurance Agency?

Mr. DANDY. Yes. My memory is Mr. Maris came into my office. He explained at length what he had in mind, that he hoped to write this business. He explained that he had already spent a lot of money traveling back to try to write the business; that he would have to go

back in the future to attend trustee meetings and so on; and that this was the amount of the commission that he needed. It was 11 percent total.

He asked on account of these personal expenses that he had been through himself, that we allow him 1 percent and then the other 10 percent to the Dearborn Agency.

Mr. KENNEDY. And you agreed to that, 10 percent to Dearborn and 1 percent extra to him?

Mr. DANDY. We agreed. We thought it was within reason. We didn't think it was excessive. We agreed to it. That was the first year commission. It was to be reduced in renewal years.

Mr. KENNEDY. Have you ever paid a brokerage rate as high as that on any insurance similar to this?

Mr. DANDY. We have paid rates that would average higher than that on insurance that I consider similar to this; yes.

Mr. KENNEDY. What do you consider similar to this? Let's talk so I will get down to specifics. Have you ever paid as high a rate as you did in this case on any insurance dealing with union group insurance such as this, where a contract has been negotiated and it is a question of making a contract, making an arrangement with some insurance company?

Have you ever paid a rate as great as this?

Mr. DANDY. There is none that comes to mind at the moment. But I don't think we have had any where the agent lived in Oakland and had to travel back and forth and had heavy expenses.

Mr. KENNEDY. I could see that you would reimburse him for his expenses. That would certainly be understandable, if he lived in Oakland and had to travel to Chicago.

But can you give the committee any instance where the Occidental Insurance Co. has ever paid a brokerage commission as high as this on this kind of insurance? I am speaking of union group insurance.

(At this point Senator Capehart entered the hearing room.)

Mr. DANDY. Sir, I have not searched our records for that. I say that I at the moment cannot think of any particular case. But then I do not have all the cases we have, and we have thousands of group policies in force.

Mr. KENNEDY. But I have raised this question with you before. You have had an opportunity to talk to Occidental. I am sure you have talked to them to try to determine whether there is a higher rate.

(At this point Senator McClellan left the hearing room.)

Mr. DANDY. No, I have said that we have paid a somewhat higher rate on what I think is quite similar insurance to it. It is insurance covering employees of employers who are members of an employer association.

Mr. KENNEDY. But isn't that a voluntary plan?

Mr. DANDY. Yes, but I don't see that that makes any particular difference.

Mr. KENNEDY. I will tell you one very major difference. After the contract was negotiated, you then have to attempt to bring in these various groups into the insurance plan. That is when the further negotiations are necessary.

In this case, that decision has already been made, that these people will be covered. All that is necessary is to make the contract. That is a very major difference. We had before our committee, and the committee criticized it quite strongly, the insurance in connection with the Western Conference of Teamsters, where Mr. George Newell was the insurance broker, and that was less than this. The committee went into it on page 40 of our first year report, the fact that this arrangement had been made with Occidental Insurance Co. with George Newell at a very high rate of commission, and that was even much lower than this one.

Do you have any comment on that?

Mr. DANDY. Yes, sir; I do. I am very surprised that no answer was given at that time on that matter. I don't know why Mr. Newell didn't answer it. We were not represented at that hearing on the matter of the group insurance.

Mr. KENNEDY. You had a witness before the committee.

Mr. DANDY. Only on that mortgage.

Mr. KENNEDY. In connection with the loan of \$350,000 to Mr. Dave Beck that you made at the lowest rate of interest of any loan of that kind?

Mr. DANDY. I don't recall whether it was the lowest. In fact, I had understood that there were other loans at the same rate. But it was a mortgage loan; yes.

Mr. KENNEDY. The witness that appeared from the Occidental Insurance Co. was unable to give any example of any kind that they had made a loan of a similar kind at such a low rate of interest, but that was the witness we had from the Occidental Insurance Co.

Mr. DANDY. On the matter of the group insurance, I don't know why Mr. Newell did not bring out, in fact, as I read what was said, somebody said that one-tenth of 1 percent on a premium of about \$20 million, I think, was all that should have been allowed, entirely overlooking that this was not one group policy; it was 200 and something; I think around 250 separate, distinct group policies on which his commissions averaged about 2 percent or just a little bit over, over the period, and had been reduced then down to 1 percent.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. The fact that there was an excess insurance commission paid was shown by the fact that it was reduced at the time the investigation was started.

Mr. DANDY. Not necessarily. I don't think that necessarily follows. I would like to say that I believe the point there was not that we were paying too much, but that it was all going to one man; that if there had been 250 separate agents on this, each one getting about \$2,000 a year on it, I don't think it would have been called excessive at all. It was the point that it went to one person; not the amount.

Mr. KENNEDY. Anyway, the committee reached the conclusion at that time, and the rate was lowered after the committee began its investigation. This rate in Chicago that we have been discussing here is a good deal larger, even, than that rate of commission.

Mr. DANDY. Let me add one thing to that. The rate that Mr. Newell lowered it to was actually lower than the code of ethics that was referred to yesterday. He went down below that.

Mr. KENNEDY. Mr. Maris indicated his pleasure at the situation. He says:

As you know, it was no simple job to get the insurance company up from 4 percent first year commission and 2 percent renewal commission to 10 percent first year commission and 4 percent perpetual renewal. I can tell you simply there is not a contract like it in America.

So he was extremely pleased.

Mr. DANDY. Whether Mr. Maris was right about there being no contract like it in America I have no idea.

Mr. KENNEDY. Do you know of any contract like it in America?

Mr. DANDY. I am not familiar with many contracts—

Mr. KENNEDY. Can you answer whether there is anybody that got such a good deal on insurance, union group insurance, as Mr. Maris did in this case?

Mr. DANDY. Yes; I know of cases that have been before you where they got a better deal.

Mr. KENNEDY. Mr. Saperstein, do you mean?

Mr. DANDY. Yes.

Mr. KENNEDY. He ended up with five bullets in his head.

Mr. DANDY. That is right.

Mr. KENNEDY. Other than Mr. Saperstein? Do you know of any other than Mr. Saperstein?

Mr. DANDY. I am quite positive that there must be some. I don't think of them offhand.

Might I add that we were approached by Mr. Saperstein with an offer to take over that case? As I remember it, he asked for a total of 15 percent commission on something way over \$1 million premium. We felt it was excessive, and we refused to even consider it.

Mr. KENNEDY. Let me ask you this in connection with this: Would you make a contract with a broker now, today, as you made with Mr. Maris at that time, for the same rate of commission?

Mr. DANDY. We would not today. May I explain it a little further?

Mr. KENNEDY. Answer it, and then explain it.

Mr. DANDY. Yes. This was in the very early days of the welfare plans. We started to write them in 1949. This came along in 1950. We had no set scale that we paid for welfare plans. We discussed each case with the agent. We tried to determine what work he had to do with it, how much time he would have to spend, what expense he would have to go to in travel, and then agree with him on the amount of the commission.

Now, back in 1957, you referred to the code of ethics, and I would like to say that one of our top officers also worked on that with the insurance commissioners and helped set that scale. We are adhering to that scale 100 percent. The only thing is that back in 1950 there wasn't any such scale.

Mr. KENNEDY. You would say that you paid a considerably higher brokerage rate than you would pay at the present time?

Mr. DANDY. Yes. And we also kept higher retentions in those days than we would now, too. Conditions have changed. Competition is getting more fierce every year in this business; not only commissions have gone down, but so have the companies' profits. So has every part of the retention except taxes.

Mr. KENNEDY. You have lowered the brokerage rate lately, have you not, over the period of the past couple of years?

Mr. DANDY. Well, we are adhering to that scale now. Prior to that we negotiated, you might call it, with the broker, with the one proviso that we would not allow anything that we considered excessive and beyond what was needed for the servicing and the sale of the business.

Mr. KENNEDY. Just in answer to the question, you have lowered it, have you not? That is, over the period of the past few years?

Mr. DANDY. It could be that that NAIC scale might be higher than some of the ones we had in the past.

Mr. KENNEDY. Just answer the question, Mr. Dandy.

Mr. DANDY. It is impossible, sir, to answer it exactly; we had no fixed scale before.

Mr. KENNEDY. But haven't you lowered it in the period of the last 2 years, the brokerage commission?

Mr. DANDY. Do you mean on existing policies?

Mr. KENNEDY. On that policy. I am talking about the specific one as far as Mr. Maris.

Mr. DANDY. I am sorry; I misunderstood you. On Mr. Maris' policies, back in 1954 the commissions started to reduce. It should be remembered that these cases started at very, very much lower premium than they are now. Local 710 started at roughly a quarter of the size it is now. Local 777 started about a third.

As these cases grew, we kept urging Mr. Maris that he ought to reduce it. Mind you, we had no power to force it because he had a contract providing for this. But we urged it. Quite possibly some of the policyholders urged it.

In the case of local 710, the rate was reduced in 1954, and it has been reduced at least four times since then. So it is not just in the last 2 years.

Mr. KENNEDY. All I asked you, Mr. Dandy, is whether the commission rate had been lowered in the period of the past 2 years. The answer to that question is "Yes"?

Mr. DANDY. Yes. And prior to 2 years.

Mr. KENNEDY. If we can keep our answers simple, we can get along. Now, the saving on that has led to your lowering, also, your retention rate; is that right?

Mr. DANDY. Yes, we have lowered our retention.

Mr. KENNEDY. So you have passed the saving on to the trustees?

Mr. DANDY. We have passed more than just the reduction and——

Mr. KENNEDY. Just answer the question, please.

Mr. DANDY. Yes, sir.

Mr. KENNEDY. Yes, sir; you have passed the savings on?

Mr. DANDY. And more.

Mr. KENNEDY. And more. So the higher the commission rate, the less savings, obviously, to the trustees; is that correct?

Mr. DANDY. Yes.

Mr. KENNEDY. Did you inform the trustees as to what the commission rate was in these cases?

Mr. DANDY. This is 710 you are referring to only, or in general?

Mr. KENNEDY. Refer first to 710.

Mr. DANDY. I was trying to recall, after I heard what was said this afternoon, what was said. We certainly have never tried to hide anything from the trustees. In the early days of welfare plans, it was a pretty general feeling that if the——

Mr. KENNEDY. I wish you would answer my question and then you can give any explanation. Just answer the question——

Mr. DANDY. I think the explanation is needed to answer. I think we did. And then may I explain?

Mr. KENNEDY. Let me ask you: Did you inform the trustees of the brokerage rate that you were paying, the amount of brokerage that you were paying, on local 710, starting back in 1950 and going through up until 1957? Had you informed them?

Mr. DANDY. No, sir; I don't think we had back that far.

Mr. KENNEDY. Had you informed them by 1957?

Mr. DANDY. It was either late 1957 or early 1958, as I gathered from what was said. Mind you, I have not seen this particular letter Mr. Chaddick referred to. I have had no opportunity to check with the home office as to what is in it or what we said.

Mr. KENNEDY. Up to at least 1957 you had not informed them?

Mr. DANDY. I could not say that. We may have informed them. I don't remember.

Mr. KENNEDY. Well, to your knowledge, at least up to 1957 you had not informed them?

Mr. DANDY. No, I simply don't know whether or not we did inform them. We can find out.

Mr. KENNEDY. Do you know that you did inform them up until 1957?

Mr. DANDY. No, I don't know that.

Mr. KENNEDY. Have you ever informed them of the fact that Mr. Wraith was receiving this money?

Mr. DANDY. Again, I can't say for certain. I think it unlikely, and I would like to explain that, if I may.

The CHAIRMAN. You may.

Mr. DANDY. The override that we pay to the general agents has always been considered as an agency overhead expense, as a part of our expense. It is an expense that we must go to to keep our agency organization.

The general agent gets his remuneration from an override on all the business produced by his agents. It is very similar in form to a branch office, where we have the same expense, but we pay it in the form of a salary. Therefore, until fairly recently, and I would think it would be in 1958, likely, we included the amount of the override at any time we were asked to break down our retention in our own home office expenses. And I think properly so.

Mr. KENNEDY. The previous witness testified, Mr. Chadwick, a trustee, that he did not know all the commissions that were being paid, payments that were being made, in connection with this trust agreement, until today.

Can you refute that? Do you want to refute that?

Mr. DANDY. I would have to examine our file and see what letters have been sent. I cannot speak from memory on it.

Mr. KENNEDY. You cannot refute his testimony on this point?

Mr. DANDY. I can furnish later information to the committee on it.

The CHAIRMAN. You can't refute it at the moment?

Mr. DANDY. At the moment, I can't.

The CHAIRMAN. Can you ascertain what the facts are, submit them by letter, and let that letter be under oath?

Mr. DANDY. Yes.

The CHAIRMAN. All right.

(The information has been furnished to the committee and may be found in the appendix on pp. 18063-18079.)

Senator CAPEHART. The amount of money you paid to Mr. Wraith, did you say you considered that as a commission or as an administrative expense?

Mr. DANDY. As an agency overhead, administration expense. It was always considered by the company in that form.

Senator CAPEHART. Is that the common practice with all life insurance companies?

Mr. DANDY. I believe it was until very recently. Now, with the Federal Disclosure Act, where they have specified that general agents' override is to be shown as a commission, there is no choice about it. Now it has to be shown as a commission.

We have never thought of it as a commission. Previously it was an override.

Senator CAPEHART. In the contract you entered into with this union, 710 or the other one, did you agree when you made the contract that you would disclose to them the commissions you paid to respective people?

Mr. DANDY. No, sir. No, sir; we did not.

Senator CAPEHART. You did it of your own free will and accord?

Mr. DANDY. It has always been our practice to answer any request made to us by a policyholder about what happens. In the early years of welfare plans, or of any plan, welfare or other, we were very reluctant to break down that retention.

We thought if they were satisfied with the total retention, what we paid for this, that or the other thing was our business.

Senator CAPEHART. What I am trying to get at is by contractual relation or agreement, either written, verbal or otherwise, you did not agree, when you sold them the policy, and Mr. Chaddick testified that the rates were lower than two other companies, and that he was satisfied with it, and the premium rate was satisfactory, and he had been buying it from year to year.

My point is: When you entered into a contract, did you, in writing or verbally, agree to tell them how much commission you were paying the different respective people who had something to do with it?

Mr. DANDY. No, sir; we did not.

Senator CAPEHART. Therefore, any information you did give them was of your own free will and accord?

Mr. DANDY. Completely voluntary.

Senator CAPEHART. They would ask you for it and you would give it to them?

Mr. DANDY. Yes. Sometimes people ask.

Senator CAPEHART. Mr. Chaddick testified, I believe, that you gave them everything except this overriding or commision that went to the general agent. I understand your testimony is that the reason that was not included was because it was an administrative expense, or so carried on your books. Is that correct?

Mr. DANDY. That is correct.

Mr. KENNEDY. Except up to 1957, according to Mr. Chaddick's testimony, they hadn't even got the fact that Mr. Maris was receiving money directly. They didn't know about that.

Senator CAPEHART. Did Mr. Maris receive money directly?

Mr. DANDY. Mr. Maris, or his firm, Wheeler-Maris, was receiving what Mr. Maris always called an override, although technically it was not an override. I do not recall that they ever asked us as to the amount of commissions broken down. I think if they had asked we would have quoted the entire amount, without breaking it down as to who got it.

Mr. KENNEDY. It wasn't until 1957 that they were aware of that, and it wasn't until today that they were aware that Mr. Wraith was receiving money.

Senator CAPEHART. Is is not quite clear to me. If they were satisfied with the policy and the premium, and they had a right to buy from anybody they wanted to, and they got rates from other companies, as Mr. Chaddick testified, what is all the argument about?

Mr. KENNEDY. As a general proposition, Senator, I will say in the 2 years the committee has been in existence, we have found this to be one of the major problems, and certainly the Ives and Douglas committees found the same situation. That is why the law was passed last year and signed by the President, because of the fact that commissions have been paid like this.

It is in this manner that Jimmy James, an official of the Laundry Workers International Union, with the help of Mr. Saperstein, who was working for Longy Zwillman, who hanged himself, took over \$990,000 of the pension funds of the union. He has argued that he should not have to pay any taxes on that because he embezzled the money.

This is the way that money is channeled off from the employees. This is where hundreds of thousands of dollars—this is the method that has been used. We found the situation as far as the Dorfman's are concerned, where they got paid excessive commissions of \$1,600,000.

Senator CAPEHART. I was under the impression that the employers paid the premium and that the employees paid nothing. Therefore, if there is excess money here, it comes out of the employers and not the employees.

Mr. KENNEDY. That is a fact, Senator, but it comes out of a bargaining relationship arrangement that is made between union officials and employers; that instead of paying 25 cents more per hour to the employee, that they will contribute \$5 a week to the pension and welfare fund, and the employees agree to give this up. So it is the employees' money. That is according to the testimony of Mr. Chad-dick.

Senator CAPEHART. I am thinking of it from the standpoint or principle of whether we in this committee are going to start regulating commissions that life insurance companies pay and to whom. Maybe I don't understand the welfare fund. I have had a lot of experience with group insurance, having paid a lot of premiums. It is not quite clear to me why we want to set the rate of commissions that these life insurance companies pay, particularly if the employers are paying the fund.

It is not quite clear to me. If you are trying to prove that these people got an extra big commission and part of it went to the union officials, that is something else again.

Senator MUNDT. Mr. Dandy, when did you become vice president of Occidental Life Insurance?

Mr. DANDY. I believe 1947, Senator.

Senator MUNDT. Could you throw some light on what Mr. Maris was talking about when he wrote this letter that you heard discussed several times today, a letter written by him on January 10 to a Mr. John W. Murray, of Chicago, in which he says:

Since the recent shakeup of officers in Occidental, as of January 1, we are sitting in the most prime position of any broker of any company in America.

What was he talking about?

Mr. DANDY. I was wondering about that, Senator, last night. In January 1951 our former president retired and a new president was appointed. I don't believe Mr. Maris had one bit more influence with the new president than with the old one. At about the same time our agency vice president was going to retire, I believe, in March 1951, and the new agency vice president was sort of taking over his duties.

There was no shakeup of officers of any kind. As far as I know, Mr. Maris has had just the same treatment from the new agency vice president as he got from the old one. I could figure nothing else.

Senator MUNDT. Shakeup would be used loosely in a personal letter. I was trying to find out if perhaps it was a higher echelon of the officials of Occidental, some special friend of his.

Mr. DANDY. There were just those two changes, Senator, and neither of the new people were a bit more friendly than the old, to the best of my knowledge.

Senator MUNDT. Is Mr. Maris presently an underwriter for Occidental?

Mr. DANDY. He is today, sir.

Senator MUNDT. He has been right along, all through the years?

Mr. DANDY. He was first licensed with us in 1939, I believe.

Senator MUNDT. Can you think of any reason from the standpoint of Occidental why his relationships with Occidental would be such that he would take the fifth amendment concerning his business relations with your organization?

Mr. DANDY. There could be no relations with our organization that I could possibly think of that would cause him to take the fifth amendment.

Senator MUNDT. Can you think of any other reason why one of your underwriters would answer a question to an official committee of the U.S. Congress saying, "Are you an underwriter with Occidental Life?" and he says, "I take the fifth amendment"?

Mr. DANDY. Senator, he was taking it to every question.

Senator MUNDT. Some of the questions I can well understand why he took it, but this one is a little bit curious to me.

Mr. DANDY. There is absolutely nothing in his relationship with us where there would be any reason for taking it that I have any knowledge of whatsoever.

Senator MUNDT. Would you agree with the present speaker that this cannot help but cast bad reflections on Occidental if one of your underwriters, and a very prominent one, tells a congressional committee, "I dare not reveal the fact that I am connected with Occidental because to do so might incriminate me"?

Mr. DANDY. I was greatly shocked to hear it, Senator. This will be reported immediately to our top officers in full. My own opinion,

and I feel we will certainly be glad to report it back, is that I believe Mr. Maris will not be an underwriter for Occidental as soon as it can be—

Senator MUNDT. It would be helpful to us if you would report what happens as a consequence of this disclosure.

Mr. DANDY. We will certainly report, Senator, just as soon as we can refer it and act.

Senator MUNDT. Thank you.

The CHAIRMAN. I present to you a copy of a letter, a photostatic copy of a letter, dated November 14, 1957, addressed to you, Mr. Dandy, as vice president of Occidental. It is from Mr. P. C. Rogan, chairman, Chicago Downtown Hotels Local Joint Executive Board of the H. & R. and BIU Health and Welfare Trust.

I ask you to examine it and state if you identify it. You have a mimeographed copy before you now, but I wanted to find the photostatic copy. Examine the photostatic copy and see if you identify it, please.

(The document was handed to the witness.)

Mr. DANDY. Yes, Senator; I do.

The CHAIRMAN. That may be made exhibit No. 40.

(Letter referred to was marked "Exhibit No. 40" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Who is Mr. Rogan?

Mr. DANDY. Mr. Rogan is a trustee of the Chicago Downtown Hotels Union, a union trustee.

The CHAIRMAN. This is another one of the accounts you have?

Mr. DANDY. That is one of the Dearborn accounts.

The CHAIRMAN. One of the Dearborn accounts?

Mr. DANDY. Yes, sir.

The CHAIRMAN. This is another one handled by this fellow Maris?

Mr. DANDY. Yes, sir.

The CHAIRMAN. Did you pay him an overriding commission on this, too?

Mr. DANDY. We had, up until 1957, yes.

The CHAIRMAN. Up until this time, up until about the time of this letter?

Mr. DANDY. Just about the time of that letter; yes, sir.

The CHAIRMAN. You did receive this letter, then?

Mr. DANDY. Yes, sir.

The CHAIRMAN. This is the union that the man named Blakely headed; is that correct?

Mr. DANDY. I am not sure, Senator.

The CHAIRMAN. I will ask a member of the staff.

Mr. Calabrese, is that correct?

Mr. CALABRESE. That is correct, sir.

The CHAIRMAN. The man Blakely we have been talking about was at the head of this union?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Was he also one of the trustees of this fund? Do you know?

Mr. CALABRESE. I believe so, yes.

The CHAIRMAN. Check our information about that.

Mr. CALABRESE. That is correct.

Mr. KENNEDY. He was one of the trustees. That is the union formerly headed by Mr. Vacey, and Mr. Vacey died.

The CHAIRMAN. This is the same Mr. Blakely that had an interest in this Dearborn Co.?

Mr. CALABRESE. That is correct.

The CHAIRMAN. All right.

Now, you may interrogate him about the letter.

I notice the complaint here is that you concealed the true commission that you were paying from this trustees board and, therefore, it entitled you to set up a bigger retention and they are complaining about it.

Do you wish to make any explanation?

Mr. DANDY. Yes, sir; I do.

Mr. KENNEDY. It was written November 14, 1957.

On behalf of the trustees, I acknowledge receipt of your letter of October 18, 1957, which has been carefully considered by the trustees and their legal counsel and auditors.

Your letter was the first information we received from you that the commissions paid by the Occidental with respect to the policies issued to us aggregate 3.5 percent instead of 2 percent.

Then they spend the next five paragraphs explaining how they feel they were also deceived, as the previous witness testified he felt he was deceived, as far as local 710 is concerned, of the Teamsters.

The CHAIRMAN. Do you wish to comment about it?

Mr. DANDY. Yes, Senator.

The CHAIRMAN. All right.

Mr. DANDY. I remember quite well—I was back in Chicago—I think he said it was late in September—late in September in 1957, and I attended a trustee meeting where they were considering booklet wording they were putting out to all the people covered by the plan, giving the details of the plan. They asked me to break down the retention. I didn't have the exact breakdown in front of me. I thought I knew it and I quoted the figures, I imagine as they have given at the bottom of the first page of this letter, showing a brokerage commission of 2 percent.

I got home, back to Los Angeles some little time after that September meeting. I started to check on the file. I started to think about it. I have already said that we have never considered the override to the general agent as a commission and have not been reporting it to anybody who inquired about commissions. As a commission, it certainly was not a brokerage commission. It was an agency overhead expense.

Then the matter of the 1 percent, I guess it was, that Wheeler-Maris was getting, which Mr. Maris had talked to me time and time again of as an override, I began to think about that. It did not seem to me right that we should call that an override because technically it was not an override as we consider.

The CHAIRMAN. What can it be called if it is not an override? It is a commission; is it not?

Mr. DANDY. Do you mean to Mr. Wraith?

The CHAIRMAN. To Mr. Maris.

Mr. DANDY. Maris is commission.

The CHAIRMAN. Maris is commission?

Mr. DANDY. Commission.

The CHAIRMAN. What is the difference between that which is paid him and that which is paid Wraith? The only reason Wraith gets anything is because he is a general agent; is that true?

Mr. DANDY. He shares in the commissions.

The CHAIRMAN. He shares in the commission. So in sharing in the commission, how can you call it administrative expense?

Mr. DANDY. Senator, we also have branch offices run by branch managers where we pay all the expense. There is just as much expense involved. There, definitely, while it is charged in our retentions as the administration expense in the case of a branch office, it is not commission because it isn't paid as a commission. It is paid in a different way. Therefore, if you get in an exactly similar situation, where a general agent who pays his own expenses, hires his own help, runs his own office, and so on, but does the same work as a branch manager, recruits agents and trains them, we did not feel that that override was anything else other than an agency overhead expense.

The CHAIRMAN. Isn't a general agent the one who is supposed to recruit the local agents to do the selling?

Mr. DANDY. That is correct.

The CHAIRMAN. And actually you pay a commission to set aside so much out of any premium as a commission for procuring the business.

Mr. DANDY. It is called an override, what it is called. It is not called a commission.

The CHAIRMAN. It is based on a percentage.

Mr. DANDY. The branch manager gets a bonus that is based on a percentage of the business, but that is not a commission.

The CHAIRMAN. Well, it is based on the amount of business secured, is it not?

Mr. DANDY. It is based partly on volume, partly on the premium, and it is a dollar bonus. It is not related to a policy.

The CHAIRMAN. How do you charge that on your books?

Mr. DANDY. Do you mean the expenses of the branch office?

The CHAIRMAN. How do you charge it? You call some things override, you call some things administrative expense and some things commission.

Mr. DANDY. That is part of our home office administration expense. That is why up until about the beginning of 1958 we considered the general agent's override as being exactly similar to our branch office expense, and we included it in our own expenses.

Senator CAPEHART. May I ask this question: Does a general agent perform exactly the same duties as your own branches do?

Mr. DANDY. Yes, Senator.

Senator CAPEHART. In one case you pay all the expenses by writing out checks to everybody for all kinds of expenses, all expenses, and in the other you give the man an override and he, in turn, from that override pays all the expenses that you pay in a branch?

Mr. DANDY. That is correct.

Senator CAPEHART. Is that the way you operate?

Mr. DANDY. Yes, sir.

Senator CAPEHART. And in both instances you call them administrative expenses?

Mr. DANDY. Yes, sir. In any reports to policyholders we call them a part of our administration expenses.

Senator CAPEHART. Those are the facts?

Mr. DANDY. Those are the facts.

Mr. KENNEDY. Was Wraith paying the expenses of the branch? Is that what you are saying?

Mr. DANDY. Wraith was paying his own agency expenses in Oakland.

Mr. KENNEDY. That was Oakland, Calif.

Mr. DANDY. Yes.

Mr. KENNEDY. But this is in Chicago.

Mr. DANDY. But this was written by an agent of Mr. Wraith, Mr. Maris.

Mr. KENNEDY. But Mr. Wraith doesn't have an office in Chicago.

Mr. DANDY. But the general agent gets an override on all the business produced by his agents.

Mr. KENNEDY. In answer to Senator Capehart, you indicated that he was paying the office expense. He was not paying the——

Senator CAPEHART. I didn't mean the office expense of Dearborn, but the general office expense of the general agent.

Mr. DANDY. That is right.

Mr. KENNEDY. In Oakland, Calif.?

Mr. DANDY. Yes.

Senator CAPEHART. Do you permit your general agents to sell anyplace in the United States?

Mr. DANDY. We have a rule that if an agent of a general agent sells outside the territory of the general agent that the home office will decide whether that general agent or the general agent in whose territory it is sold will get it.

Senator CAPEHART. You permit him to do it, but you decide?

Mr. DANDY. Decide which general agent will get it.

Then, as I started to say here, when I got home and started to think about the commissions, which I do not believe an override to Mr. Maris was a straight commission, or I believe to Wheeler-Maris, I immediately sat down and wrote to the trustees, and said, "I am sorry, I gave you wrong information when I talked to you in Chicago."

The CHAIRMAN. Is this your letter?

I present to you what purports to be a photostatic copy of it dated November 22, 1957. I ask you to examine it and state if you identify it as such.

(The document was handed to the witness.)

Senator MUNDT. There must be an earlier letter, Mr. Chairman. It says here,

I acknowledge receipt of your letter of October 18.

Mr. KENNEDY. We don't have the first letter.

Senator MUNDT. Can you supply us with a copy of your letter of October 18?

Mr. DANDY. Yes, sir. That was the one I was referring to. I sat down and wrote them and told them that I had given them wrong information when I saw them in Chicago, and I wanted to give them the correct information. I told them at that time that there was a 1 percent, which Mr. Maris had always considered override, but we did not consider it, and at the same time, seeing I was going into override, I also told them about Mr. Wraith's override. That would make up the 3½ percent instead of the 2.

Senator MUNDT. Mr. Chairman, I ask that the witness supply us with a copy of his letter of October 18, 1957, and that it be made a part of the record at this point.

The CHAIRMAN. This photostatic copy which I have just presented the witness will be made exhibit 40A.

(Document referred to was marked "Exhibit No. 40A" for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. When the other copy is supplied, it will be made exhibit 40B.

(Document referred to was reserved as exhibit No. 40B for reference and may be found in the files of the Select Committee.)

Senator MUNDT. Perhaps you should alphabetize them by chronology.

The CHAIRMAN. Well, we have this one, and I am not sure we will ever get the other one. I am hopeful we will. If we do, they will fit in.

Senator MUNDT. If we do, let us alphabetize them according to date.

There is no question in your mind but what you have a copy of that letter of October 18, is there?

Mr. DANDY. None whatsoever. It must be in our file. We keep all such letters in our file, yes.

Senator MUNDT. As I reconstruct the situation, you are telling us that this letter of October 18 originated with you and not in response to another communication; you sat down and reflected on what you told them in Chicago and concluded it was subject to misinterpretation, or that you had given them the wrong facts, and that your letter of October 18 is going to recapitulate that fact and set out this new schedule?

Mr. DANDY. That is my exact memory of it, Senator.

Senator MUNDT. Were your totals the same? Do you still come out with \$13.78? That is mentioned on page 2. Did you shift something off from your home office expenses and put it on commissions, or was the total wrong?

Mr. DANDY. I am quite sure it was just a shift in the percentages between our retention for expenses and the broker's commission.

Senator MUNDT. To follow your explanation, it would seem that if you were going to increase your brokerage commissions from the 2 percent you reported in Chicago to the 3½ percent, which apparently your letter of October 18 indicated, that you must have taken 1½ percent off from the Chicago office, so it must have come off of office expense or off of something.

Mr. DANDY. It would be off of either office expense or profit. It was probably off of office expense. My letter of October 18 will show that, I am quite sure, Senator.

Mr. KENNEDY. But you have the situation that at least the trustees of two different groups felt that they were deceived as to the information that the Occidental Insurance Co. was providing to them for a period of at least 7 years; and in addition to that, at least one trustee now has testified before the committee that he didn't even know all of them up until today.

Do you think that is the proper way for an insurance company to operate?

Mr. DANDY. I think your question, sir, is pretty broad. I believe on the case of the hotels this is the first time they had ever asked us for a breakdown of the retention.

Mr. KENNEDY. He went through that letter in great detail, with the fact that you had kept insisting to him and to the trustees as to the rate of commission that was being paid.

It was not until your letter of October 18, 1957, that they ultimately found that you were paying this extra money to Mr. Maris directly and evidently to Mr. Wraith. It was not until then that they found that out. All this time, he points out in his letter, you have been insisting what the commission rate had been, which was far lower, and he felt that he was deceived.

Mr. DANDY. Mr. Kennedy, this was our agent, not us.

The CHAIRMAN. Mr. Dandy, let me ask you this: Are these figures revealed, these percentages of commissions and administrative expenses and so forth? Is that all revealed in the course of negotiating the contract so as to determine what would be the right premium to pay, and the amount you might be entitled to retain as retention money? Is that part of the whole thing?

Mr. DANDY. In very recent years, Senator, when brokers asked us for a premium quotation, and a retention quotation, they now usually ask us to break down retention into how much is for taxes, profit, and commission, and so on, but that is recently——

The CHAIRMAN. In other words, you have to have that information in order to evaluate and properly judge what is justified as a retention; isn't that correct?

Mr. DANDY. I have never been sure what they do with that information. Actually, if they are going to buy on retention, the company that quotes the lowest overall retention should be the one, because that is the amount of money they keep, regardless of what they do with it.

The CHAIRMAN. I understand. But if you are going to have a retention and you are going to refund that which you do not need to carry out your 2 percent profit or whatever it is, your expenses, your commissions that you have to pay, it is necessary to know those things in order to be able to negotiate a contract; is it not?

Mr. DANDY. It is necessary for us to know the makeup of our retention.

The CHAIRMAN. It is also to the advantage of the other fellow to know, too, if he is going to negotiate for the best transaction, is it not, the best deal?

Mr. DANDY. I do not believe so, because if one company quotes him 14 percent and another company quotes him 13 percent overall total retention, whether one company paid higher commission than the other or not, the 13 percent would be to his advantage.

The CHAIRMAN. In other words, your position is they don't need to know any details; it is just a question of the total percentage?

Mr. DANDY. That is right, Senator, and up until recent years, companies weren't giving it.

The CHAIRMAN. I can't understand why these folks would be so upset and write you such a letter.

Mr. DANDY. The reason was that they wanted the breakdown. Why they asked back in 1954, I didn't know about that. This was 1957 that they talked to me. They were getting out this booklet. As I

recall it, the AFL had said in their Code of Ethical Practices that the amount of the commission and the breakdown of the retention should always be shown in any report to union members.

So, therefore, they were asking us to put in the report. This was the first experience we had had of a policyholder wanting to publish the breakdown of the retention.

Senator MUNDT. I think this is the point at issue.

Let me ask this question: Under the terms of the contract, does any part of this retention accrue back to the policyholder?

Mr. DANDY. No, Senator.

Senator MUNDT. How does the term retention, then, differ from the term premium?

Mr. DANDY. The premium is the total amount of money that we get for the case. The retention is the part of it that we retain to cover expenses, commissions, taxes, and a little profit. Then there are the claims, the claims that are paid out. If the claims are lower than the premium after subtracting the retention, then the policyholder gets a refund.

(At this point Senator McClellan withdrew from the hearing room.)

Senator MUNDT. Then the term retention becomes significant because of the factor that you subtract?

Mr. DANDY. But only the total retention is significant.

Senator MUNDT. That is correct, only the total retention.

Mr. DANDY. Yes, sir.

Senator MUNDT. When you bid for business, you bid on a dual basis? You quote them a premium and you quote them a retention?

Mr. DANDY. That is the common practice now; yes, sir.

Senator MUNDT. So as far as the policyholder is concerned, his sole concern really is as to whether he gets a good deal, how much is the policy and how much is the retention?

Mr. DANDY. That is correct.

Senator MUNDT. What you do with the money is up to you, assuming you don't dissipate the assets and go broke?

Mr. DANDY. We had always thought that until quite recently. Now it seems to be changing. Now we are compelled to disclose that.

Senator MUNDT. Well, I can see that, because rackets have gotten into this business, and fifth amendment artists have gotten into your organization. This is of great concern to you and to everybody who wants to do business with reputable business operators.

Mr. KENNEDY. Where a very high commission has been paid, of course, it raises a question in the minds of the trustees as to whether everything is proper. I think if they had known the high rate of commission in this case, it might have raised the question as to whether union officials were receiving some of this money.

Mr. DANDY. They knew the total retention, Mr. Kennedy, and I don't think they felt it was too high.

Mr. KENNEDY. You testified a little while ago that when you were able to lower the rate of commission, you were also able to lower the rate of retention.

Mr. DANDY. That is correct.

Mr. KENNEDY. So there is a direct relationship between the benefits to the trustees and to the union members with a lower commission, because the retention is lowered when the commission is lowered, and the benefits accrue back to the trust.

Mr. DANDY. But the trustees still knew what the retention was when the commission was higher.

Mr. KENNEDY. Again on this letter, your letter of October 18, the second page—I am reading from the second page of the letter of November 14. It states:

Your letter of October 18, 1957, was the first intimation that we had that all your previous representations were incorrect, and this advice came as a distinct shock to all of us.

Then he says:

The trustees feel that they have been imposed upon, and that they have been put in a very bad light because of the reliance upon your representations as to the amount of brokerage commissions being paid.

That is pretty strong language.

Mr. DANDY. To the very best of my recollection, the first time they asked me was this time in September 1957. It might have been Mr. Creitz or it may have been Mr. Maris they are referring to on the other occasions.

(At this point Senator McClellan returned to the hearing room.)

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any further questions?

If not, call the next witness.

Mr. KENNEDY. Mr. Gaglione.

The CHAIRMAN. Please be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GAGLIONE. I do.

TESTIMONY OF MICHAEL B. GAGLIONE, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. GAGLIONE. Michael B. Gaglione, 531 West 26th Street.

The CHAIRMAN. In what city?

Mr. GAGLIONE. Chicago, Ill.

The CHAIRMAN. What is your business or occupation?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might end to incriminate me.

(At this point Senator Mundt left the hearing room.)

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. ALLDER. H. Clifford Alder, member of the bar of Washington, D.C.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Gaglione, you are an official of Local 18-B of the Picture Frame Workers Union, Chicago, Ill.?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is a part of the Upholstery Workers Union, is it not?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you are a close personal friend of Mr. Joe Glimco, are you not?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Were you not placed in that position, or receive a considerable amount of support in that position from your friendship with Mr. Joe Glimco?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And hasn't Joey Glimco's union paid for your visits to the Hotel Statler in Cleveland, Ohio; your visit together with that of your wife?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you connected with a union?

Mr. GAGLIONE. I respectfully—

The CHAIRMAN. You are connected with the Upholstery Union; is that it; local 18-B?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You don't mean to reflect upon these union members in that union, do you, the people who work, and say it would be self-incriminating for you to admit that you represent them?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is your name Raymond? Is that correct?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I have a hotel bill here, from the Hotel Statler, Cleveland, charged to Raymond Gaglione. It is dated February 1955, and apparently paid, in the amount of \$31. It was apparently paid by local 777, according to our information.

I hand you this bill and ask you to examine it and state if you identify it. Then I want you to explain why local 777 would be paying your bill.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. That is a bill for you and your wife at the hotel. I believe. That is a different union than the one you represent.

Mr. ALLDER. What is the question, Senator?

The CHAIRMAN. Do you recognize the hotel bill?

Mr. ALLDER. Would you ask him first if he has looked at it, Senator?

The CHAIRMAN. If he wants to be asked.

Put it up there in front of him.

Mr. ALLDER. He has looked at it, and I want the record to show. I want him to answer the question.

The CHAIRMAN. You have seen the bill?

Mr. GAGLIONE. Yes.

The CHAIRMAN. I thought he had seen it.

Do you identify the hotel bill as yours?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Was that hotel bill paid by local 777, the Glimco local?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What arrangements did you have with Mr. Glimco to pay your bill?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were you on a mission there, doing some work or looking after some business for local 777, or for Mr. Glimco personally, at that time?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The bill may be made exhibit No. 41.

(Document referred to was marked "Exhibit No. 41" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Chairman, could I call a member of the staff in connection with the bills?

The CHAIRMAN. All right. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SHERIDAN. I do.

TESTIMONY OF WALTER J. SHERIDAN

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. SHERIDAN. My name is Walter Sheridan. I reside in Bethesda, Md. I am an employee of the staff of this committee.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Sheridan, did we check the bills at the hotel of Mr. Gaglione?

Mr. SHERIDAN. Yes, we did.

Mr. KENNEDY. Do we find he was there at the same time as Mr. Glimco and other union officials?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. Was that for the wedding of Mr. John Felice?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. He was a Teamster official and a close associate of William Presser?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. Did Mr. Gaglione go to that wedding?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. Were there other union officials from his local?

Mr. SHERIDAN. From his local there was Raymond Gaglione, a relative of his, and other officials.

Mr. KENNEDY. Were Mr. Raymond and Michael Gaglione's bills paid by local 777?

Mr. SHERIDAN. They were.

Mr. KENNEDY. Do you have the checks on those?

Mr. SHERIDAN. Yes, we have.

The CHAIRMAN. The checks may be made exhibits Nos. 41A and 41B.

(Checks referred to marked exhibits 41A and 41B for reference may be found in the files of the Select Committee.)

Mr. KENNEDY. That is for all of the bills?

Mr. SHERMAN. That is correct.

Mr. KENNEDY. The Teamsters Union paid for everybody's bill?

Mr. SHERIDAN. That is correct.

The CHAIRMAN. What did they total? What are the amounts of the checks?

Mr. SHERIDAN. The amounts of the checks are \$205.75 and \$30. It would be a total of approximately \$235.74.

The CHAIRMAN. That was paid out of union dues?

Mr. SHERIDAN. Yes, sir. On the books of the union it is carried as Teamster wedding.

The CHAIRMAN. Teamster what?

Mr. SHERIDAN. Teamster wedding.

The CHAIRMAN. Do you have those union men up there who work and pay the dues pay your expenses down there to go to a wedding?

**TESTIMONY OF MICHAEL B. GAGLIONE, ACCOMPANIED BY COUNSEL,
H. CLIFFORD ALLDER—Resumed**

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything incriminating about going to a wedding?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have made an investigation, have you, or people under your direction have made a study of Mr. Gaglione?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. In the operation of 18-B?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. Do we find Joey Glimco plays an important role in the control of this local?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. Do we find Mr. Gaglione in 1953 held a license for the Melody Pub?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. Which was located at 6729 Stony Island Avenue, Chicago, and that is 1957, Vincent Gaglione held a license for Ace's Spider Web?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. Who is Vincent Gaglione?

Mr. SHERIDAN. Vincent Gaglione is the son of Michael.

Mr. KENNEDY. Does he have anything to do with local 18-B?

Mr. SHERIDAN. He is a member of the local and we understand at one time he was an official of the local.

Mr. KENNEDY. Do we know anything about this tavern, Ace's Spider Web?

Mr. SHERIDAN. The tavern is reputed to be a hangout for dope peddlers and narcotics users.

Mr. KENNEDY. Have we found one of Mr. Gaglione's associates is Jimmy Catuara?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. Alias the Owl?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. Do you know Mr. Catuara?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. He is known as the Owl; is he not?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And he is the syndicate man that controls the gambling in that area?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. Is that right?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Were you elected president of local 18-B or were you appointed?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do we find that Mr. Gaglione drove a car that was registered to local 18-B of the Picture Frame Workers Union in 1955?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. This car was noticed in attendance at the marriage of Claude Maddox's daughter in January 1955?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. The car that was being driven by Mr. Gaglione?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. Would you tell us why you attended this wedding, Mr. Gaglione?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What is there about your association with this union that would incriminate you?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The incrimination would not be on the part of the union. It would be a self-incrimination by reason of conduct on your own part, would it not?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do you have any interest yourself in the Ace's Spider Web, the tavern?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Your son, because of the union constitution, is in there just as a front, is he not, Mr. Gaglione?

Mr. GAGLIONE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The committee will stand in recess until 10:30 tomorrow morning.

(Members of the select committee present at time of recess: Senators McClellan and Capehart.)

(Whereupon, at 5:35 p.m. the select committee recessed, to reconvene at 10:30 a.m., Thursday, March 19, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, MARCH 19, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; Alphonse F. Calabrese, investigator; Martin S. Uhlmann, investigator; Jack S. Balaban, investigator; James F. Mundie, investigator; John D. Williams, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. John O'Brien.

The CHAIRMAN. Mr. O'Brien, come forward, please. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. O'BRIEN. I do, sir.

TESTIMONY OF JOHN T. O'BRIEN, ACCOMPANIED BY COUNSEL, EDWARD J. CALIHAN, JR.

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. O'BRIEN. My name is John Timothy O'Brien.

The CHAIRMAN. Timothy?

Mr. O'BRIEN. Yes, sir. I live in Chicago, Ill., I am secretary and treasurer of the International Brotherhood of Teamsters, Chicago Local No. 710, and second vice president of the International Brotherhood of Teamsters.

The CHAIRMAN. Thank you very much.

All right, Mr. Counsel, would you identify yourself?

Mr. CALIHAN. My name is Edward J. Calihan, Jr. I have an office at 105 West Adams Street, Chicago, Ill. I am a member of the bar of the State of Illinois.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Chairman, Mr. O'Brien has a subpoena for his personal records which was served upon him.

The CHAIRMAN. Mr. O'Brien, I have before me a subpoena issued on the 17th day of September, last year, directing you to produce certain records for the period from January 1, 1949, to date.

The subpoena appears to have been served on the 18th day of September 1958, the next day after it was issued. Do you acknowledge that you received such a subpoena?

I hand you the original, together with the list of records and documents.

Mr. O'BRIEN. Yes, I acknowledge that I received the subpoena.

The CHAIRMAN. That subpoena may be printed in the record in full at this point.

(The subpoena is as follows:)

UNITED STATES OF AMERICA,
CONGRESS OF THE UNITED STATES

L-5094

To JOHN T. O'BRIEN, *Chicago, Ill., Greeting:*

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, forthwith, 1958, at their committee room, 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and produce the data set forth in schedule No. 1 attached hereto and made a part hereof.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

Given under my hand, by order of the committee, this 17th day of September, in the year of our Lord one thousand nine hundred and fifty-eight.

JOHN L. MCCLELLAN,
*Chairman, Senate Select Committee on Improper Activities in the Labor
or Management Field.*

SCHEDULE No. 1

To produce for the period January 1, 1948, to date:

(1) All bank statements, cancelled checks, check stubs, duplicate deposit slips, deposit receipts, savings account records, safety deposit box records, and any and all other records reflecting your personal banking transactions, and those jointly with your wife, with any bank, savings and loan association, building and loan agency, or any other agency or individual.

(2) All records reflecting loans by you, or upon your behalf, made to or received from any source.

(3) All records reflecting all other sources of income and the amounts thereof which you personally, or jointly with your wife, received from any source other than Local 710, Joint Council No. 25, and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

(4) All records, reflecting assets, such as trusts, stocks, Government or municipal bonds, corporate or partnership shares, and ownership in whole or in part of any business or enterprise held by you personally, or jointly with your wife, and/or in the names of your children.

(5) All correspondence or other records reflecting any dealings by you, or upon your behalf with Harland Maris, Elmer Crane, James Keenan, Frank Keenan, John W. Murray, Allen Creitz, Aileen Tipton, Joseph P. Glimco, Maris-Scully Co., Wheeler-Maris Corp., Dearborn Insurance Agency, Inc., Dearborn Insurance Agency.

(6) All diaries, calendars reflecting appointments, and appointment books maintained by you or upon your behalf, at your home and offices.

(7) All your personal income tax returns, or those filed jointly by you and your wife, both Federal and State, from January 1, 1949, to date.

SEPTEMBER, 19, 1958.

I made service of the within subpoena by personal service, the within-named John T. O'Brien, secretary-treasurer, local No. 710, at 4217 South Halsted Street, Chicago, Ill., at 2:30 p.m. on the 18th day of September 1958.

ALPHONSE F. CALABRESE.

The CHAIRMAN. You are familiar, then, are you, with the records and documents that the subpoena calls for you to produce?

Mr. O'BRIEN. Yes.

The CHAIRMAN. Have you complied with the subpoena, and do you have those records here presently?

Mr. O'BRIEN. Yes; I have the records with me today.

The CHAIRMAN. Do you have all of the records called for by the subpoena?

Mr. O'BRIEN. I have all of the records that the subpoena requires, Mr. Senator.

The CHAIRMAN. All of them that are identified in the subpoena?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. Thank you.

Will you now produce those records and turn them over to the committee for the committee's inspection and examination of them?

Mr. O'BRIEN. I respectfully decline to turn my records over to the committee, because I honestly believe that my turning them over may tend to incriminate me.

The CHAIRMAN. The subpoena to which the Chair has referred, I believe, only calls for personal records of yourself and not for records of the union that you represent.

Mr. O'BRIEN. That is correct, sir.

The CHAIRMAN. So what you are declining to comply with is the production of your personal records which, you say, if produced, might tend to incriminate you?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. For that reason you are exercising the privilege of withholding and not turning them over to the committee. Am I correct?

Mr. O'BRIEN. That is right, sir.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. O'Brien, how long have you been with the Teamsters Union?

Mr. O'BRIEN. I have been with the Teamsters Union since 1915.

Mr. KENNEDY. How long have you been an officer of the Teamsters?

Mr. O'BRIEN. From 1922.

Mr. KENNEDY. What office did you have then?

Mr. O'BRIEN. The same office I have now, secretary-treasurer of local union 710 in Chicago.

Mr. KENNEDY. Were you one of those who formed that union?

Mr. O'BRIEN. No, sir. I came in shortly after the organization was formed.

Mr. KENNEDY. What position did you take in 1922? What position were you elected to or appointed to?

Mr. O'BRIEN. A minor position, trustee of the local, I believe.

MR. KENNEDY. When did you become an officer of the union?

MR. O'BRIEN. In December 1922.

MR. KENNEDY. When did you become president of the union?

MR. O'BRIEN. I never was president.

MR. KENNEDY. When did you become secretary-treasurer?

MR. O'BRIEN. In December 1922.

MR. KENNEDY. You became secretary-treasurer at that time?

MR. O'BRIEN. Yes, sir.

MR. KENNEDY. And you have held that position since 1922?

MR. O'BRIEN. That is correct, sir.

MR. KENNEDY. What compensation do you receive from the union?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Do you receive any other moneys, other than the moneys that you receive from the local? Do you have any other source of income?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Let me ask you this question: Do you receive any moneys from the union, either out of dues, union funds, or from welfare and pension funds, that are not recorded in the book of expenditures? In other words, do you receive anything in addition to your salary that is not recorded as an expenditure to you, or as a disbursement to you, that is not so recorded in the financial records?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. What I am trying to determine, Mr. O'Brien, is whether your union is keeping accurate records with respect to what it pays you, so that the members might know what you are getting out of them. Do you understand?

MR. O'BRIEN. I understand.

THE CHAIRMAN. The question is: Are you getting paid something that is being entered on the records of the union as an expenditure of some other character or nature other than a payment to you?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Do you think or do you not think that the union members who pay the dues are entitled to know what compensation you get, all of it, and not just a part of it?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Then you honestly believe that if you told the truth about that, that it might tend to incriminate you, that you were getting something you are not entitled to, or you claim they are not entitled to know about; is that it?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Do you believe in an honest accounting of your stewardship as an official of a labor organization?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Are you willing to make an honest accounting and give an honest and truthful report of your activities and the actions

you take in the performance of your duties in connection with your representation of the labor organization?

Mr. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you believe that if you gave an honest accounting of the finances that you handle for your union members that an honest accounting of their finances might tend to incriminate you?

Mr. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Well, I am assuming your answer would be yes, that you honestly believe that if you told the truth about it, the truth might tend to incriminate you.

Are there any other questions, Mr. Counsel?

Mr. KENNEDY. I would like to put some figures into the record, Mr. Chairman.

The CHAIRMAN. All right, bring forward the other witness.

You may retain your seat, because I think you will be interested in this.

Is he vice president of the international?

Mr. KENNEDY. Second international vice president.

The CHAIRMAN. Who is the first vice president of the international?

Mr. O'BRIEN. Mr. John Conlin, from Hoboken, N.J.

The CHAIRMAN. You are the second vice president?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Mundie——

The CHAIRMAN. Mr. Mundie, you have been previously sworn?

Mr. MUNDIE. I have.

TESTIMONY OF JAMES F. MUNDIE—Resumed

Mr. KENNEDY. Under the arrangements that have been made by this local union, the officers, in addition to their salary, receive a certain percentage of the commissions; is that right?

Mr. MUNDIE. They receive commissions on dues and initiation fees that are collected by local 710.

Mr. KENNEDY. That is in addition to their salary?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. That procedure has been going on for some number of years?

Mr. MUNDIE. That is right.

The CHAIRMAN. Do you mean they are operating on a commission basis, all they can extract and get out of the union then they divide it and split it some way?

Mr. MUNDIE. Yes, sir.

Mr. KENNEDY. That is brought up in the executive board, discussed in the executive board?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. In 1953, the particular percentage was set; is that right?

Mr. MUNDIE. It was changed in 1953.

Mr. KENNEDY. We do not know what the percentage was prior to that time?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. The percentage was changed in the executive board meeting on June 25, 1953?

Mr. MUNDIE. Yes. Secretary O'Brien was to be given 45 percent—

Mr. KENNEDY. Wait a minute. First explain what the dues are; how much is collected.

Mr. MUNDIE. Well, they have \$4 and \$5 a month dues. For example, a \$4 dues paid by a member is 25 percent taken off, which would be \$1, for the death benefit fund.

Mr. KENNEDY. That leaves \$3.

Mr. MUNDIE. That leaves \$3. Thirty percent of the \$3 is taken off, which is 90 cents.

Mr. KENNEDY. So after the death benefits are taken, 30 percent of what is left is taken to be split amongst the officers; is that right?

Mr. MUNDIE. That is right, which is 90 cents.

The CHAIRMAN. In other words, the officers get 90 cents out of every \$4 collected in dues from the union member?

Mr. MUNDIE. That is correct.

The CHAIRMAN. They collected \$4 a month?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. So these officers take 90 cents a month out of each union member's dues and divide it up among themselves?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. Is that what you are saying?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. And this is one of the officers that does it, this one sitting over here?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. This one that takes the fifth amendment and says he cannot answer without possible self-incrimination; is that correct?

Mr. MUNDIE. That is correct.

The CHAIRMAN. This man that sits here now is the one that is taking part of this money from these union boys?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. That is contained in the minutes of June 25, 1953?

Mr. MUNDIE. June 25, 1953.

Mr. KENNEDY. That provides that Mr. O'Brien is to receive 45 percent, President Schmitt is to receive 35 percent, and Vice President Healy to receive the remaining 20 percent?

Mr. MUNDIE. That is correct.

The CHAIRMAN. In other words, this man sitting here, this witness, gets the biggest hunk of it, 45 percent of the 90 cents?

Mr. MUNDIE. That is correct.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. In a subsequent meeting of the membership—they had no meetings of the membership during the summer; each summer there are no meetings of the local union membership—is that correct?

Mr. MUNDIE. For a 3-month period.

Mr. KENNEDY. In September of 1953 there was a meeting of the membership?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. It states in that meeting that the executive board minutes were read and approved by the membership?

Mr. MUNDIE. Of previous meetings; yes, sir.

Mr. KENNEDY. Of the previous meeting?

Mr. MUNDIE. Yes, sir.

Mr. KENNEDY. The minutes of previous meetings were read and approved as given; is that correct?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. There is not any specific mention of this percentage, but it does say that the minutes were read to the membership?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. And the minutes do contain the fact that the money is to be split in this fashion?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Would you relate to the committee——

The CHAIRMAN. Let us put the minutes in as an exhibit.

Do you have a copy of the minutes to which you referred?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. A copy of the minutes to which the witness has referred may be made exhibit No. 42.

(Minutes referred to were marked exhibit No. 42 for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you have the original minutes of the membership meeting?

Mr. MUNDIE. Yes.

The CHAIRMAN. Of what date?

Mr. MUNDIE. September 9, 1953.

The CHAIRMAN. September 9, 1953?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. Do you have, for convenience, a photostatic copy of those minutes?

Mr. MUNDIE. We will have it photostated.

The CHAIRMAN. A photostatic copy of the minutes, the original to which the witness has just testified, may be made exhibit No. 43.

(Minutes referred to were marked exhibit No. 43 for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. A photostatic copy of exhibit No. 43 will be prepared.

Mr. KENNEDY. Mr. Mundie, will you tell us how these figures are broken down during the years that we have examined them? We did not go into the expenses that these various officers receive; is that right?

Mr. MUNDIE. We did not.

Mr. KENNEDY. All we did was go into the salary that they receive, commissions and vacation checks and Christmas checks?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. We have not listed the expenses that they received over and above that?

Mr. MUNDIE. We did not.

Mr. KENNEDY. And we know that they did receive expenses during this period of time?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Would you give us first as to Mr. O'Brien, what he received? Have you made up a schedule on that?

Mr. MUNDIE. I have.

The CHAIRMAN. Over what period?

Mr. MUNDIE. From the year 1952 through 1958.

The CHAIRMAN. January 1, 1952, to what date in 1958? December 31, 1958?

Mr. MUNDIE. December 31, 1958.

The CHAIRMAN. That will be for 7 years.

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. Am I correct about that, a 7-year period?

Mr. MUNDIE. You are correct.

The CHAIRMAN. In the year 1952, Mr. O'Brien received \$43,614.86. Is that the total he received?

Mr. MUNDIE. That is the grand total.

The CHAIRMAN. Have you a breakdown of it, showing what part was salary, what part commissions, and what part other expenses?

Mr. MUNDIE. Yes, I do.

The CHAIRMAN. Just give the total for the present.

Mr. MUNDIE. In 1953, \$52,553.79. In 1954, \$62,749.66; 1955, \$70,376.62; 1956, \$74,004.44.

The CHAIRMAN. How much was that?

Mr. MUNDIE. \$74,004.44. 1957, \$77,292.61; 1958, \$90,694.13.

The CHAIRMAN. If it has this same percentage-wise growth for 1959, we can expect it to reach \$100,000 this year, can we not?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. That makes a total for the 7-year period of some \$471,286.11?

Mr. MUNDIE. That is right.

Mr. KENNEDY. You have a breakdown here showing the different sources from which this income was received, have you?

Mr. MUNDIE. That is correct.

The CHAIRMAN. Let this breakdown, this chart showing the analysis, be made exhibit No. 44.

(Chart referred to was marked exhibit No. 44 for reference and may be found in the files of the Select Committee.)

Mr. KENNEDY. There is one matter in this that we will want to discuss, and that is the question of accrued commissions which start in 1956.

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Mr. O'Brien made an arrangement that instead of taking all the commissions in one year, that part of the commissions would be put aside; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. So the result would be that he would receive no more in any specific year than some \$30,000?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. And the rest would be put aside in a fund for him?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. So when he retired he could receive the money then over a period of some 10 years?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. He does not pay taxes on the accrued commissions; is that right?

Mr. MUNDIE. No, sir; he does not.

Mr. KENNEDY. That is just set aside. Although it is his money during that period of time, it is set aside for him to use during a later period of time?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Then he will, according to the plan, evidently, pay the taxes for it over this 10-year period when he receives the money and when he retires from the union?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. We have a copy of that agreement that makes that arrangement, do we not?

Mr. MUNDIE. We do.

The CHAIRMAN. Have you identified the agreement?

Mr. MUNDIE. No, I haven't sir.

The CHAIRMAN. Will you examine it, please?

(The document was handed to the witness.)

Mr. MUNDIE. This is the executive board meeting of October 28, 1956, whereby they submitted the agreement of Mr. O'Brien dated October 1, 1956.

The CHAIRMAN. That may be made exhibit No. 45.

(Document referred to was marked exhibit No. 45 for reference and may be found in the files of the select committee)

The CHAIRMAN. May I check this, the totals that you show on the source of the income? Are these payments to Mr. O'Brien under the heading: Commissions from 1952 through 1958? It shows a total of \$258,756.40. Is that correct?

Mr. MUNDIE. Those are the commissions that he actually received.

The CHAIRMAN. For 1957 and 1958, however, part of that commission has been set aside, and that set aside part of the commission to which you referred is not included in these figures?

Mr. MUNDIE. No, sir.

The CHAIRMAN. In other words, in addition to the \$258,000-plus, he has also had set aside to his credit a total of \$118,929?

Mr. MUNDIE. That is correct.

The CHAIRMAN. And 87 cents.

Mr. MUNDIE. That is correct.

The CHAIRMAN. In other words, the \$258,000 actually lacks \$118,000, nearly \$119,000, reflecting the true, correct amount that he has taken in commissions?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. So in some 7 years—

Mr. MUNDIE. \$471,286.11, less the \$118,929.87, which is accrued commissions carried on the books for his benefit.

Mr. KENNEDY. But which actually belongs to him in each particular year?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. So that is almost a half million dollars that he has received in salary alone in a period of some 7 years?

Mr. MUNDIE. Yes, sir.

Mr. KENNEDY. And from just this local union. I do not believe we found any local union in any investigation that we have made that pays as high a salary, Mr. Chairman.

Mr. MUNDIE. Not in any of my investigations.

The CHAIRMAN. May I ask you one other thing? In addition to what you show on this chart that has been made exhibit No. 44, in addition to that, the local did pay certain other expenditures for him that are not included here?

Mr. MUNDIE. Yes, sir. They gave him vacation checks.

The CHAIRMAN. Did you show that?

Mr. KENNEDY. No, that is not included here.

Mr. MUNDIE. No, sir.

The CHAIRMAN. Any other expenses, as regular expenses, that were allowed him?

Mr. MUNDIE. They had regular expenses.

The CHAIRMAN. Is that included in this?

Mr. MUNDIE. No, sir; they are not.

The CHAIRMAN. That is what I am talking about. He had a regular monthly expense or he submitted bills for expenses actually incurred over this period of 7 years, and those expenditures are not included in these totals?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Now let's put in the other figures for the rest of the officers.

Senator CHURCH. Before you do that, I have a question.

Mr. O'Brien, you heard the witness testify that over a 7-year period, 1952 to 1958, you received, over and above actual expenses which you charged the union, a total in salary of \$84,099.84, and in addition, a total in commissions of \$258,756.40, and in addition, supplemental vacation allowances in the sum of \$2,500, and in addition, Christmas bonuses in the sum of \$7,000, for a grand total of \$352,356.42.

In addition, you have set aside accrued commissions in the amount of \$118,929.87, making a grand total of a little less than half a million dollars, specifically, \$471,286.11. What I want to know is: Are these accurate figures? Do you admit them to be accurate or do you deny them?

**TESTIMONY OF JOHN T. O'BRIEN, ACCOMPANIED BY COUNSEL,
EDWARD J. CALIHAN, JR.—Resumed**

Mr. O'BRIEN. Mr. Senator, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator CHURCH. Mr. Counsel, let us find out what the other officers are paid.

Mr. KENNEDY. Mr. Chairman, could we have this made an exhibit or has it been an exhibit already?

The CHAIRMAN. The breakdown of the payments to Mr. O'Brien has been made exhibit No. 44.

Mr. KENNEDY. Let's go into the other officers.

The CHAIRMAN. Mr. O'Brien, while they are preparing to go to the next item, how much do you get from the international union? What pay or compensation do you get from it as second vice president?

Mr. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, Mr. Senator.

The CHAIRMAN. This other we are talking about just comes from one local. Do you get paid—and I am sure, of course, their records

would show that, so I do not see any point in your trying to evade it as we can get from their records whatever their records show—do you also receive compensation from the international?

You may not. I do not know. But I think you would want the record straight on it. You would not want to leave, maybe on the basis of this, with some assumption that you also get an exaggerated sum from the international.

Would you want to give us the correct amount so there will be no misapprehension about it?

Mr. O'BRIEN. Mr. Senator, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. MUNDIE. Mr. Frank Charles Schmitt, president of local 710—

Mr. KENNEDY. Mr. Chairman, I have some figures on the international which are probably not complete, if you wish them.

The CHAIRMAN. Interrogate the witness based on our information and see if he wants to correct the information we have.

Mr. KENNEDY. We understand that he receives approximately \$6,000 each year from the international.

Is that correct?

And plus money that he receives for special assignments, the amount of money we do not know.

Mr. O'BRIEN. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you in favor of robbing these working people?

Mr. O'BRIEN. I respectfully decline to answer because I honestly believe the answer might tend to incriminate me.

The CHAIRMAN. All right. Proceed.

Mr. MUNDIE. In the year 1952, Mr. Schmitt received \$20,080.57.

Mr. KENNEDY. What is his position?

Mr. MUNDIE. President of local 710.

In 1953, \$32,858.96; 1954, \$48,844.13; 1955, \$54,776.22; 1956, \$57,597.98; 1957, \$60,777.49; 1958, \$58,989.87; making a grand total of \$333,925.22.

The CHAIRMAN. Do you have a breakdown of that?

Mr. MUNDIE. I do, sir.

The CHAIRMAN. This breakdown, the chart of it, may be made exhibit No. 46.

(Chart referred to was marked "Exhibit No. 46" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, do you want to put in about Mr. Frank Brown?

The CHAIRMAN. Who is Frank Brown?

Mr. MUNDIE. He was president during the year 1952 and part of the year 1953. In the year 1952, \$29,284.23; 1953, \$21,640.62.

Mr. KENNEDY. Then he retired; is that right?

Mr. MUNDIE. Then he retired.

Mr. KENNEDY. For each succeeding year he received \$9,849.96?

Mr. MUNDIE. That is correct, then it went to \$9,850 in 1956, 1957, 1958, making a total of \$100,174.77.

Mr. KENNEDY. For a period of some 7 years?

Mr. MUNDIE. That is correct.

The CHAIRMAN. Do you have a breakdown of that?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. That breakdown may be made exhibit 47.

(Chart referred to was marked "Exhibit No. 47" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Michael Joseph Healy.

The CHAIRMAN. What is his position?

Mr. MUNDIE. Vice president of Local 710.

1952, \$21,280.53; 1953, \$26,206.11; 1954, \$31,910.93; 1955, \$35,300.68; 1956, \$36,913.12; 1957, \$40,270.00; 1958, \$39,008.50; and a grand total of \$230,889.87.

The CHAIRMAN. Do you have a breakdown of it?

Mr. MUNDIE. I do.

The CHAIRMAN. The breakdown may be made exhibit 48.

(Chart referred to was marked "Exhibit No. 48" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now you have a recap of all of them?

Mr. MUNDIE. Yes.

Mr. KENNEDY. What does that show, the recap, for the grand total that these four men received during the 7-year period?

Mr. MUNDIE. \$1,136,275.97.

The CHAIRMAN. You have a breakdown of it?

Mr. MUNDIE. Yes, sir.

The CHAIRMAN. That may be made exhibit 49.

(Chart referred to was marked "Exhibit No. 49" for reference and will be found in the appendix on p. 18095.)

Mr. KENNEDY. Have you the amount of money that was paid in 1958?

Mr. MUNDIE. I do.

The CHAIRMAN. How much was paid in 1958?

Mr. MUNDIE. A total in 1958 was \$198,542.50.

Mr. KENNEDY. And that was to three working officers and one retired officer?

Mr. MUNDIE. That is correct.

Senator CHURCH. Mr. Chairman, these figures are astonishing.

Here we have four officers of a Teamster local, if you please. What is the membership of this local?

Mr. KENNEDY. About 14,000.

Mr. MUNDIE. It is approximately 14,000.

Senator CHURCH. A Teamsters local of approximately 14,000 members all told, working people, and over a period running from 1952 to 1958 these four officers have extracted, apart from what they have charged the union in actual expenses, and apart from other considerations that we have been inquiring into, some of which have involved the insurance business as an ancillary occupation, a grand total in commissions, accrued commissions, vacation allowances, Christmas bonuses, and salary, of \$1,136,275.97, and for 5 years during that period one of these men did not work at all.

I submit that this kind of revelation simply emphasizes that these men are not labor union leaders at all. They are capitalists, and they are capitalists and exploiters in the same tradition as the robber barons of old. They take the Robin Hood story and turn it right around. Instead of robbing the rich and giving to the poor, they are robbing the working people and making themselves rich.

I think it is the most shocking disclosure. I just wish that all the working people could know of it in the same detail that it has been brought to light in these hearings this morning.

The CHAIRMAN. It would certainly justify an absolute rebellion, a rebellion of Teamster members, the rank and file members, against the corrupt, robbing, cheating, sordid leadership this union has today.

Proceed.

Mr. KENNEDY. Mr. O'Brien, we have also inquired into the granting of the insurance to the Dearborn Insurance Agency and the Occidental Insurance Agency. Would you tell us anything about that?

Mr. O'BRIEN. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We have correspondence and memorandums that indicate that you had an active role in the Dearborn Insurance Agency during 1950 and 1951 at least. Can you tell us anything about that?

Mr. O'BRIEN. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We find, in addition to that, that extremely high commissions were paid to the Dearborn Insurance Agency and to Mr. Maris, in view of the fact that they were able to obtain this insurance from the various Teamster locals and from the Hotel and Restaurant Workers Local. Can you tell us anything about that?

Mr. O'BRIEN. Mr. Kennedy, I believe I will decline to answer it because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Was part of the reason that such high commissions were paid because of the fact that the insurance would not be turned over to the Dearborn Insurance Agency and the Occidental Insurance Co. unless such commissions were paid?

Mr. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And that was based on your interest, the interest of Mr. Brown, who is a Teamster official, Mr. Vacey, who was a Hotel and Restaurant Worker Union official, and Mr. Blakely, who was also in that union. Was that based on their interest in the Dearborn Insurance Agency?

Mr. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. O'Brien, when we began our investigation back in 1957, and investigations of Mr. Dave Beck, you were hailed at that time, and indicated that you were going to lead a cleanup campaign in the International Brotherhood of Teamsters.

Would you tell us about that, about what steps you were going to take to clean up the International Brotherhood of Teamsters?

Mr. O'BRIEN. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then subsequently, in the middle of 1957, you abandoned your cleanup campaign and joined forces with Mr. Hoffa; isn't that correct?

Mr. O'BRIEN. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. What does a cleanup campaign mean in the Teamsters? Clean the members out, get their money? Is that what you mean by a cleanup campaign? It looks like that is what has been going on.

(The witness conferred with his counsel.)

Mr. O'BRIEN. I respectfully decline to answer, Mr. Senator, because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I believe so.

All right. Proceed.

Mr. KENNEDY. Mr. Chairman, you brought up a moment ago about the revolt of the membership against this kind of an operation. We are going to present some testimony now in connection with an attempted revolt against Mr. O'Brien's activities, against Mr. Hoffa's activities, and the result of it.

But I would like to have a 5-minute recess prior to that.

The CHAIRMAN. The committee will take a 5-minute recess.

(A brief recess was taken. Members of the select committee present at the taking of the brief recess were Senators McClellan and Church.)

The CHAIRMAN. The committee will come to order.

The Chair is advised that the staff has to do further work. The recess will be for a longer period than first suggested, of 5 minutes.

We will recess over until 2:15 this afternoon. The committee will resume at that time.

(Senators McClellan and Church present at the taking of the recess.)

(Whereupon, at 11:25 a.m., the select committee recessed, to reconvene at 2:15 p.m., the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2:15 p.m., in the caucus room of the Senate Office Building, Senator John L. McClellan, presiding.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Barney Matual.

The CHAIRMAN. Be sworn, please, sir.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MATUAL. Yes.

TESTIMONY OF BARNEY MATUAL

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. MATUAL. My name is Barney Matual. I live in La Salle, Ill. I am a labor representative.

The CHAIRMAN. A labor representative? Is there some official title with a union?

Mr. MATUAL. I was president and business agent of Teamsters Local 46 up until December 1, or January 9, 1959.

The CHAIRMAN. Thank you very much.

You waive counsel, do you? Do you waive counsel?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. What position do you hold at the present time?

Mr. MATUAL. I am a field representative for District 50, United Mine Workers of America.

Mr. KENNEDY. How long have you held that position?

Mr. MATUAL. The last few months.

Mr. KENNEDY. How long were you a Teamsters official prior to that?

Mr. MATUAL. I have been an official of a Teamsters local since 1936.

Mr. KENNEDY. Did you form or help form a union, a Teamsters union yourself?

Mr. MATUAL. Yes, I did. In 1936 I formed the Service Station Operators Local Union No. 981 at La Salle——

Mr. KENNEDY. Would you give me that again?

Mr. MATUAL. I helped form the Gas Service Station Operators and Attendants Local Union 981 at La Salle, Peru, Oglesby, and Utica, Ill.

Mr. KENNEDY. That is four cities in Illinois? La Salle, Peru, Oglesby, and Utica?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. What position did you have then with local 981?

Mr. MATUAL. I was vice president when we first organized, and 4 years later, in 1940, I became president and business agent, and I was reelected to that position up until April 1, 1955.

Mr. KENNEDY. And then after April 1, 1955, what position did you hold?

Mr. MATUAL. I was just a business agent of local 46.

Mr. KENNEDY. 981 became 46?

Mr. MATUAL. It became 46.

Mr. KENNEDY. What salary were you receiving with this union?

Mr. MATUAL. With 981?

Mr. KENNEDY. Yes.

Mr. MATUAL. I received \$70 a month plus half of the initiation fee.

Mr. KENNEDY. And what did you receive with 46?

Mr. MATUAL. Well, the last 2 years I received \$90 a week, plus car expense.

Mr. KENNEDY. Did you receive any other money from the local union?

Mr. MATUAL. Unless I was sent somewhere, to a convention or some meeting somewhere.

Mr. KENNEDY. That is all, you received \$90, plus car expense?

Mr. MATUAL. Yes.

Mr. KENNEDY. When did 981 become local 46?

Mr. MATUAL. April 1, 1955.

Mr. KENNEDY. How many members did 46 have?

Mr. MATUAL. Of the four—there was four locals merged into 46.

Mr. KENNEDY. How many members first did local 981 have?

Mr. MATUAL. About 118 or 112.

Mr. KENNEDY. I want to get into when you merged with local 46. Could you start in December 1954? Is that the first time you were urged to participate in a merger?

Mr. MATUAL. Well, that was the first real time.

Mr. KENNEDY. Would you relate to the committee what happened?

Mr. MATUAL. Mr. Hoffa came down on December 4, 1954, with a man by the name of Paul Dorfman, Roy Williams——

Mr. KENNEDY. Who is Roy Williams?

Mr. MATUAL. An international representative in Kansas, in the State of Kansas, or was at that time.

Mr. KENNEDY. Who is Paul Dorfman?

Mr. MATUAL. Paul Dorfman is in Chicago, Ill. He used to be with the Waste Handlers Local Union there.

Mr. KENNEDY. Who else?

Mr. MATUAL. And Virgil Floyd, from Joliet, Ill., his brother Tom, and his brother Israel, and a fellow named Dick Kavner, from St. Louis, Ill.

Mr. KENNEDY. All of these people came down to see you?

Mr. MATUAL. They called a special meeting of all the executive boards of these four locals.

Mr. KENNEDY. What locals were they?

Mr. MATUAL. Local 981, local 157, local 253, and local 46.

Mr. KENNEDY. Go ahead.

Mr. MATUAL. They wanted us to merge into the Joliet local, 179.

Mr. KENNEDY. That was the local that was headed by Virgil Floyd?

Mr. MATUAL. By Virgil Floyd.

Mr. KENNEDY. Did you people want to merge in with Virgil Floyd?

Mr. MATUAL. No, we didn't. We didn't even want to merge into one local. We wanted to stay as we were, separate unions.

Mr. KENNEDY. Why didn't you want to go in with Mr. Floyd?

Mr. MATUAL. Well, his record wasn't any good, for No. 1; and his dues were high, that is No. 2; and the membership of the 4 local unions, which amounted to 700 people, voted, and they voted 694 not to merge, and only 7 members voted to go to Floyd.

Mr. KENNEDY. Mr. Floyd was in some difficulty himself at the time?

Mr. MATUAL. Yes. He was mixed up with a pipeline affair that was going through his territory.

Mr. KENNEDY. He had received some money from them; is that right?

Mr. MATUAL. Yes, he did.

Mr. KENNEDY. As a matter of fact, it was in December of 1954 when Mr. Hoffa, Mr. Kavner, Mr. Roy Williams, Mr. Dorfman, Mr. Floyd, and his brothers, came down to see you, it was in that very month that Mr. Floyd had been convicted of receiving this money from the employers?

Mr. MATUAL. That is right; yes, sir.

Mr. KENNEDY. And, in fact, he went to the penitentiary for that crime?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. It has been in the last month that he came out of the penitentiary?

Mr. MATUAL. The last few months.

Mr. KENNEDY. Since January of this year?

Mr. MATUAL. No, he was out some time——

Mr. KENNEDY. Excuse me. He was out on February 15, 1958. He was paroled.

Mr. MATUAL. That is right.

Mr. KENNEDY. It was his local that they wanted you to merge with; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Did any of these individuals that came down to see you, did any of them carry any weapons?

Mr. MATUAL. Well, I had to go to the desk where Dick Kavner was sitting, and he had a revolver in his coat pocket. His coat was unbuttoned and I seen it.

Mr. KENNEDY. Mr. Kavner did?

Mr. MATUAL. Yes.

Mr. KENNEDY. Did you tell them at that time that you didn't want to merge?

Mr. MATUAL. Yes, we did.

Mr. KENNEDY. What did Mr. Hoffa say to that?

Mr. MATUAL. Mr. Hoffa said that if we didn't merge into one local at home by April 1, 1955, that he would shove us into Joliet local 179.

Mr. KENNEDY. So a vote was taken as to whether you wanted to merge with Mr. Virgil Floyd's local, 179; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. You said that vote was what?

Mr. MATUAL. 694 to 7 to stay away from it.

Senator CHURCH. Was that the vote just in your own local?

Mr. MATUAL. The entire four locals.

Senator CHURCH. The vote was 694 against merging, to 7 for merging?

Mr. MATUAL. Yes, sir.

Senator CHURCH. Was that a pretty representative vote of the whole membership?

Mr. MATUAL. That was the whole membership.

Senator CHURCH. That was the whole membership of the four locals?

Mr. MATUAL. Of the four locals.

Mr. KENNEDY. How did they vote in your local?

Mr. MATUAL. 100 percent not to go in.

The CHAIRMAN. How was this vote held? By secret ballot, by ballot, or how?

Mr. MATUAL. In the meeting hall, a standing, rising vote.

The CHAIRMAN. There was a standing vote in each hall?

Mr. MATUAL. In each hall.

Mr. KENNEDY. After the visit by Mr. Hoffa, Mr. Kavner, and the others, to Peru, did you shortly afterwards attend a Teamster meeting in Springfield, Ill.?

Mr. MATUAL. Yes; I did.

Mr. KENNEDY. Would you relate to the committee what happened there?

Mr. MATUAL. I walked into the meeting as I usually walked in before that. I had been going down there for years before that. And when I sat down, the doorman tapped me on the shoulder and said I was wanted upstairs at the hotel. And when I went up, there was Baker and Virgil Floyd in the room.

Mr. KENNEDY. Barney Baker?

Mr. MATUAL. Barney Baker. I sat down and Virgil said to me, "So you don't want to cooperate? I have a letter in my pocket from you stating that you want to rebel from the Teamsters International. You know what that means."

I said, "You will have to show me the letter, because I never made any such remarks."

He never produced the letter.

Floyd said, "I told you he wouldn't work with me."

And Barney said, "You better work with him."

I didn't wholly agree to it, but I partly agreed to it because I was partly frightened a little bit.

The CHAIRMAN. You didn't want to get beat up?

Mr. MATUAL. That is right.

Mr. KENNEDY. Do you think that would have happened to you?

Mr. MATUAL. I think so.

Mr. KENNEDY. Had you ever seen Barney Baker before?

Mr. MATUAL. I had seen him, but I had never met him.

Mr. KENNEDY. Did you know anything about him?

Mr. MATUAL. Well, he used to be with Hoffa all the time. He used to work, I guess, up in Detroit with Hoffa. I think he was a guard to Hoffa at one time.

Mr. KENNEDY. Did the four locals, the four locals in this area, all decide to merge amongst one another, merge together?

Mr. MATUAL. That is right.

Mr. KENNEDY. Although you wouldn't merge with Mr. Floyd's local, you decided to merge among yourselves; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. When did you do that?

Mr. MATUAL. April 1, 1955.

Senator CHURCH. That was the deadline date?

Mr. MATUAL. That was the deadline date.

Senator CHURCH. That was the deadline date Hoffa had given you?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Did Mr. Virgil Floyd, even after you merged among yourselves, did Mr. Virgil Floyd come down to put pressure on you?

Mr. MATUAL. Yes; he did. Even came to our meetings. He even came down to sign contracts, working with Stein and a fellow by the name of Palmer, without the consent of the executive board of local 46.

Mr. KENNEDY. What would he tell you at that time?

Mr. MATUAL. When he came to one of the meetings, Hal Peseto and myself told him he had no business in the meeting and had no business following Jenko around, a frozen food outfit, and threatening the storekeepers that if they bought frozen foods from Jenko he would shut off other deliveries. He said, "A couple of wise guys, huh? I'll get you for that and get your jobs."

So the following day we went to the city hall and we reported the threat to the police department, and we asked for a permit to carry a gun. We never got the permit.

Mr. KENNEDY. They would not give you a permit?

Mr. MATUAL. No; they wouldn't.

Mr. KENNEDY. They said under these circumstances they were not able to; is that right?

Mr. MATUAL. That is right.

Mr. KENNEDY. At that time, you were in local 46, these 4 locals had become local 46; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And Mr. Floyd was continuing to put this pressure on the employers, following your men around, to try to get you to merge in with his local, is that right?

Mr. MATUAL. That is right.

Mr. KENNEDY. At this time he had been convicted of extorting money from the employer and was awaiting sentence; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Did you also have pressure from the international union about merging with Mr. Floyd's union?

Mr. MATUAL. Yes. Immediately they sent Farrell, the auditor down, to audit the books. The books were audited for all the locals the year before that. That was 1954. It is customary in the Teamsters International to audit the books about every 4 or 5 years. He came down in April—

Mr. KENNEDY. April of what year?

Mr. MATUAL. 1956.

Mr. KENNEDY. You went through 1955 and you had been elected president of local 46 in January of 1956?

Mr. MATUAL. In the last meeting of December, in 1955, I was elected to be president of local 46.

The CHAIRMAN. That was after the merging?

Mr. MATUAL. Yes, sir. And I carried the election by a vote of 4 to 1, and also the rest of the members that went in with me, the board members, they all carried the majority by 2 to 1 and 3 to 1. It was a landslide all around. We ran on the ticket that we would not see our people be forced to go to Joliet or accept trusteeship, which the rank and file did not want at any time.

So then after the election, 4 or 5 months, Farrell came down and started auditing the books.

Mr. KENNEDY. That was Mr. Charles Farrell?

Mr. MATUAL. Yes.

Mr. KENNEDY. He was an auditor of the international union?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. You told him there was no need for an audit as they had just been audited?

Mr. MATUAL. I told him that. But he kept on auditing, and would stay a week at a time, and he would go out to Stein's home and spend the evenings there.

Mr. KENNEDY. Who is Stein?

Mr. MATUAL. He was a business agent who was working to force these locals into Joliet. In other words, he was not successful.

Mr. KENNEDY. What was Stein's first name?

Mr. MATUAL. Art. Arthur Stein.

Mr. KENNEDY. Go ahead.

Mr. MATUAL. One day when he was auditing the books, the financial secretary came in, and Farrell put out a piece of blank paper and said, "Sign your name on it."

The financial secretary said, "You have nothing on there."

He said, "What is the difference? I will fill it out after you sign it." And the financial secretary refused.

Farrell called him a blockhead, and then he tore up the paper and threw it in the wastebasket.

It wasn't long after that when the same fellow, Charlie Farrell and Dave Sark, an assistant to John T. O'Brien, came down with a trusteeship letter stating that Dave Beck has put a trusteeship on the local and has appointed John T. O'Brien as a trustee.

Mr. KENNEDY. That is David O. Sark?

Mr. MATUAL. S-a-r-k; yes.

The CHAIRMAN. Is that the same John Timothy O'Brien who testified here this morning?

Mr. MATUAL. Yes, sir.

Senator CHURCH. He was made the trustee?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Now he was made the trustee. He comes down there; is that right?

Mr. MATUAL. They came down and they read the letter. We asked them what the charges were. He had no charges, Sark said, and Farrell said, "Well, I want to see if you have any money in the bank."

I said, "As far as money is concerned, I will take you to the bank and show you that the money is there, and I will show you that the bonds are in the safety deposit box. But you will never touch it."

So we took Farrell to the bank. We showed him that the money was there, and then they went home.

A few days later John T. O'Brien, I think it was June 20th, John T. O'Brien came down with Sark in the evening and called us in to a meeting and said that he was sent by Dave Beck to impose trusteeship, that he had a job to do, and we asked John T. O'Brien what the charges was. He had no charges. He said, "Well, then I want the charter and seal."

Our financial secretary, Art Siebert—

Mr. KENNEDY. How do you spell his name?

Mr. MATUAL. S-i-e-b-e-r-t. He went over to the wall, took the charter off, pulled the seal out of the safe, and said, "Here you are, Mr. O'Brien."

Then I said to O'Brien, "You are making a mistake, John, because these people are dead against the trusteeship. If you take that charter and seal out of here, they are going to go independent and you are going to lose them. My advice to you is to call Dave Beck and find out what this is all about."

So, Mr. O'Brien got on the telephone and he called Seattle, Wash. He got Dave Beck on the telephone. He said, "Dave,"—in the meantime—

Mr. KENNEDY. You listened in on the extension?

Mr. MATUAL. In the meantime I walked around the partition into the other room and listened on the extension.

He said, "Dave, do you know why I was sent here? I don't know why. Their books are clean, their contracts is good, they got money in the bank."

He said, "Do you know the reasons?"

And Dave Beck said over the phone, and I heard it on the extension, he didn't know why, but he would go to Washington, D.C., and find out.

Mr. KENNEDY. Did he say that somebody had urged them to be put in trusteeship?

Mr. MATUAL. No; he didn't at the time.

Mr. KENNEDY. He just said he did not know why.

Mr. MATUAL. I asked him for a meeting and he set the date for July 12, for Washington, D.C. Later he notified us that he changed the meeting to Dallas, Tex., on July 12.

So the membership voted to send myself and a man by the name of Morrissey to meet with Mr. Beck.

So the night before, on July 11, we arrived at this hotel, the Statler Hilton, in Dallas. While we were walking through the lobby, Mr. Hoffa and Mr. Mohn were walking through the lobby, and Hoffa spotted me and said, "Hello, Barney," and I said, "Hello, Jim" and "How are you?" and I said "Fine," and he said, "Barney, I get what I want."

The CHAIRMAN. That was the great Jimmy that said that?

Mr. MATUAL. Yes. So then I knew that the trusteeship would be given to him.

But anyway, we stayed for the meeting, and the next day we went to the meeting and we had an appointment with Mr. Beck for 3 o'clock. We had to wait until 4 before he held his meeting with Hoffa.

Then he opened the door and we went to the meeting.

There was Mr. Hoffa, Mr. O'Brien, Dave Beck, Harold Gibbons, Dick Kavner, Einar Mohn, Steinberg, and a few others, and we came in with a briefcase, with contracts, financial standing, showing that the local was all right.

Dave Beck didn't even give me a chance to open up the briefcase. Hoffa popped up and said, "I got a letter in my pocket from Stein."

Mr. KENNEDY. Who is Stein?

Mr. MATUAL. The former business agent of local 46.

He said it was about "that you have a sweetheart agreement." You know, I hadn't signed a contract since I was elected up to that time.

Mr. KENNEDY. Accusing you of making sweetheart contracts?

Mr. MATUAL. Yes, sir. So I said to Jimmy, "You are all wet. I haven't signed a contract so far. I have only been in office 6 months."

He said, "Are you calling me a liar?"

And he jumped to his feet and I jumped to mine, and I said, "All right, let's have it."

Dave Beck jumped in between us. Dave Beck said, "I am going to give you a trusteeship if I have to spend \$50,000, \$100,000. You are going to have a trusteeship because my boy Jimmy knows what he is doing."

I said, "You might give Local Union 46 a trusteeship, but you will never give me a trusteeship," I said. "My father came here from Lithuania looking for this freedom. I have it and I am going to keep it." And I walked out of the room.

We went back home and reported to the membership. The membership took a standing vote not to accept a trusteeship, to fight it all the way through.

So things began to happen.

On July 20, John T. O'Brien went to the circuit court and got an injunction against us without a hearing.

Mr. KENNEDY. An injunction about what?

Mr. MATUAL. Not to operate the local union. I think he accused us of stealing money. That is the reason they issued that injunction.

So we went back into court on August 6, and we had that injunction dissolved.

Mr. KENNEDY. Did he say that violated the Teamster constitution, to steal money?

Mr. MATUAL. I think he did.

The CHAIRMAN. It does not violate their code of ethics, does it?

Mr. MATUAL. Well, on August 6, we went back to the circuit court and we had the injunction removed.

Mr. KENNEDY. Prior to that, had Mr. Farrell come in again?

Mr. MATUAL. On the day that the injunction was issued to Mr. O'Brien without a hearing, that afternoon Mr. Farrell came in the office, changed the locks, took \$535 out of the safe and said to the office girls, "Give me the keys; I am taking over," and he did. We didn't know a thing about it until that evening.

I called the girl at home and said, "What happened? I didn't hear from you at 5 o'clock." She said, "Didn't you know that Mr. Farrell took the money out of the safe, took the keys from me and said he was taking over?" and I said, "No, I didn't."

So we called a board meeting and decided to open the office. We hired a locksmith. He went with us. We opened the door and we opened the safe and found out there was \$535 missing. So we called our attorneys in and the attorneys advised us to make out a check for the balance that we had in our checking account and deposit it with the attorneys, which we did. We changed the locks.

Mr. KENNEDY. You changed the locks back again?

Mr. MATUAL. No, we put a new lock on altogether.

Mr. KENNEDY. The third lock?

Mr. MATUAL. The third lock. So the next morning, the attorney went to the bank, got the money, and then I went over to the bank to get the safety—to get the Government bonds out of the safety deposit box, with two other officers because three of us had to sign to get in—it was made that way—and Farrell spotted me coming in.

I never seen a man so nervous. He ran out the door because he knew that the injunction was not served yet and the money was gone. So the sheriff served the injunction on me about—well, when he found me. It was 3 hours later.

Mr. KENNEDY. But by that time you had the bonds out and all the money and it had been turned over to your attorneys?

Mr. MATUAL. Yes.

Mr. KENNEDY. He was to keep it in trust for the union?

Mr. MATUAL. That is right. Then they opened up another local in La Salle, with the same number, local 46, and John T. O'Brien appointed an alderman in La Salle as the office manager and the business agent, by the name of Ed Flower.

Immediately he began to raid the local union, threatening employers if they didn't send the check to—they called it—the right local union 46, and we called ourselves the original local union 46. It was quite a confusion. That went on until October 17.

We went back into the circuit court and we had an injunction issued against them that forced them to close the office and let us operate. Well, you know, the office—the curtains were drawn down but the office girl and Mr. Flower still worked with the injunction on them.

So one Saturday morning the executive board and I went over to find out for sure if the office was open. We went upstairs and the door was wide open and there was Mr. Flower talking to some of the members.

We gave him a paper demanding that \$535—and also we sent money to the international union for our stamps and they sent the stamps to Ed Flower, with our money—and also demanding the stamps, which he did not surrender.

So then they started to raid our territory. They started to take over the territory we always had. In other words, they confined us within the city limits of La Salle and Peru. We used to go clear out past Mendota and west as far as the Bureau County line and east halfway to Ottawa.

Senator CHURCH. Up to this point, so that I am clear, twice you had hearings before the court, once after an ex parte injunction had been issued. When the time came for the hearing on the merits, the court dissolved the injunction and put you back in charge of the union. That is correct; is it?

Mr. MATUAL. No. The court served their injunction without a hearing, and then we went back into court on October 17, 1956, and had an injunction issued against them to stop them from operating.

Senator CHURCH. As a counterpart union operating under the name of local 46?

Mr. MATUAL. Of local 46.

Senator CHURCH. The court then issued the injunction against them?

Mr. MATUAL. Yes, sir.

Senator CHURCH. Was that done on the basis of a hearing?

Mr. MATUAL. Yes. All our injunctions were on hearings except their injunction. That was without a hearing.

Mr. KENNEDY. Just at this time something else occurred which relates back to the original meeting that you had had with Hoffa and Kavner and those other individuals a year or so before.

At that time they had tried to prevail upon you to merge these four locals with Floyd Webb?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. There were three other local unions in addition to your four that they wanted to merge with Floyd Webb; is that right?

Mr. MATUAL. They merged into Floyd.

Mr. KENNEDY. They did, in fact, merge; the other three merged with Floyd Webb?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Without a vote of the membership?

Mr. MATUAL. I believe one of the three had a vote of the membership, and the membership turned out very poor, and the other two went in there without a membership.

Mr. KENNEDY. Floyd Webb was convicted at that time. He was on appeal. He started serving his sentence in December of 1956. In December of 1956 those three locals that Mr. Hoffa had urged to be merged with Mr. Webb's union were then taken away from the local 179, Mr. Webb's union?

Mr. MATUAL. Yes.

Mr. KENNEDY. Mr. Floyd's union.

Mr. MATUAL. It was taken away and the charter was set up in Ottawa, Ill., by the name of local 722 and Mr. John T. O'Brien was appointed trustee of that local.

Mr. KENNEDY. So once he went to prison, then they took these three locals away from that union and set up a separate union, local 722, and put that under the trusteeship of Mr. O'Brien?

Mr. MATUAL. And they also put Virgil Floyd's local 179, under the trusteeship of John T. O'Brien, when he went to jail.

The CHAIRMAN. O'Brien seems to be the favorite trustee as long as he can stay out of jail; is that right?

Mr. MATUAL. It looks that way.

Mr. KENNEDY. Of course, Mr. Virgil Floyd has a very bad record, Mr. Chairman, and he was the one that Mr. Hoffa was trying to get them to merge with. As I say, at that time he had been convicted of this crime of extortion, and they were trying to get these locals to merge with his locals.

Now we are up to December 1956, and Mr. Floyd has gone to prison. In February of 1957 did you have a conversation with Mr. O'Brien?

Mr. MATUAL. Yes; I did. In February 1957 they sent down a committee, to the Peru Hotel, that was on February 19, and they set up a meeting for 10 o'clock to meet our executive board. The head of that committee was Daniel Tobin, Jr., to give us a hearing on that trustee-ship.

So we walked into the room and Mr. O'Brien was there, and Dave Sark was there. We sat down and Mr. Tobin got up and said, "There will be no attorneys allowed in this meeting." We told him that we would not sit in on the hearing unless our attorney was there with us.

He said, "Your attorney is not allowed," so we walked out with the attorney. We did not sit in with the hearing. So while we were out in the lobby of the Peru Hotel, Mr. O'Brien sent his attorney, Joe Lanutti, to talk to our attorney, Howard Rhine, and asked for a meeting that afternoon at the Kaskaskia Hotel at 2 o'clock, one with me in one room and in the other room the attorneys would meet, and we accepted the invitation.

Mr. KENNEDY. Who were you to meet with?

Mr. MATUAL. John T. O'Brien.

Mr. KENNEDY. And your attorney was to meet with Mr. Lanutti?

Mr. MATUAL. Yes.

Mr. KENNEDY. How do you spell his name—L-a-n-u-t-t-i?

Mr. MATUAL. Something like that.

I walked in the room with John T. O'Brien and he said to me, "What does it take to get you out?" I said, "John, are you talking money?" He said, "Yes." I said, "The only thing that I ask, John, is a local union with local autonomy of our own. Is it hard to get that?"

He said he would talk to Dave Beck and find out. He is still talking to Beck. We never did hear.

In that same year, in November, Mr. Flower came into our office, the union office in Peru, and offered me a job with local 722. He offered me \$125 a week, a car and expenses. I asked Mr. Flower if that was what he was receiving and he said he was.

I said to Flower, "If you are worth \$125 a week, car and expenses, I am worth \$150, car and expenses." He said, "We will give it to you." I said, "No, thanks; I will stay where I am at."

Our office girl was sitting there and she heard that one.

Mr. KENNEDY. Did you know who was behind all these efforts against you?

Mr. MATUAL. Yes.

Mr. KENNEDY. Who was?

Mr. MATUAL. Hoffa.

Mr. KENNEDY. In that connection, Mr. Chairman, and the fact that Mr. Hoffa plays such an important role in this, I would like to

draw your attention to Mr. Hoffa's testimony in connection with this matter when he was questioned back in 1957, when all of this was going on.

I draw your attention to page 5061, on which he was asked by Senator Mundt, when he was being questioned about certain trusteeships, Mr. Chairman, he was asked about Peru. Then Senator Mundt asked at the top of page 5062:

Senator MUNDT. Do you know the circumstances of that trusteeship?

Mr. HOFFA. Not enough to talk about it; no, sir.

He was the one that was behind this, he was the one you had the meeting with originally, who told you that you should join up with Mr. Floyd's local?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And he is the one that met with you down in Dallas, Tex.?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And he is the one that you met in the lobby of the hotel and in Mr. Dave Beck's room?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And he told you that you were going to have to take these steps or be placed in trusteeship?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. In July of 1957, and this is one of the most important phases that we are coming into now, you attempted to renegotiate a contract with the Star Union Brewery Co.; is that it?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Star Union Brewery?

Mr. MATUAL. The Star Union Brewery.

Mr. KENNEDY. Would you relate to the committee what happened in those negotiations?

Mr. MATUAL. I went down to Star Union Beer Co. office and I contacted the general manager, Mr. Frank Kline, and we sat down and negotiated a contract, a 2-year contract, with a 10-cent increase the first year, plus commissions on delivery of beer in cases and beer in half-barrels, and a 10-cent increase the following year, and also an attachment to the contract which the men that worked there insisted they must have, and Mr. Kline agreed to it, that if the Teamsters International Union—I won't be able to quote this word for word, but I will do the best I can, because my memory is not too good on that—that if the Teamsters International Union is expelled from the AFL-CIO, that that contract with the Teamsters International Union would expire immediately but it would continue in full force to the regular expiration date, and the people could choose any union they desired.

Mr. Kline agreed to that contract, but he said he could not sign it because Mr. Clinch was the boss at that time.

Mr. KENNEDY. That is Mr. John Clinch?

Mr. MATUAL. John Clinch, Jr.

Mr. KENNEDY. C-l-i-n-c-h?

Mr. MATUAL. Yes.

Mr. KENNEDY. He will play a very important role and he will be a witness this afternoon. He said that he couldn't sign that contract unless he had the approval of Mr. Clinch?

Mr. MATUAL. So the next morning we met with Mr. Clinch and we were out on strike the same morning. We came out on strike. Mr. Clinch said that the only way he would sign that contract was if the International Union would sit down and negotiate it, that I should call the International Union.

I said to John Clinch, "I have negotiated contracts now for 18 years and I have never had an International Union sit down and negotiate a contract with me in my life, and I don't need one now." So then he took a recess on the meeting and he went to the telephone and he called John T. O'Brien and he called Dave Beck and he called the international president of the Brewery Workers, and I don't know who else he called, but I guess they couldn't help him any because at that time there was an injunction against the International Union in that territory.

There was nothing that they could do for John Clinch. So that evening Mr. Kline called me back in the office. I was home. He said, "Barney, I talked to John Clinch and he told me to sign the contract."

Mr. KENNEDY. That was the day of the strike?

Mr. MATUAL. The day of the strike.

Mr. KENNEDY. After Mr. Clinch refused to sign the contract unless you had an International representative present, and the strike occurred?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. The strike occurred and last 1 day?

Mr. MATUAL. A 1-day strike.

Mr. KENNEDY. They capitulated and agreed to sign the contract with you?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. At this time, of course, you had been having this fight with the International Union. Did it strike you as strange that Mr. Clinch wanted some one from the International Union present?

Mr. MATUAL. Well, it wasn't news to me, because he represented a certain group of people in court that were members of the International Union.

Mr. KENNEDY. And who were opposed to you?

Mr. MATUAL. They were opposed to this local union. John T. O'Brien told them not to pay any dues, that they wouldn't have to pay any, so they followed his instructions.

Mr. KENNEDY. So the contract was signed; is that right?

Mr. MATUAL. The contract was signed. And the strike was over.

The CHAIRMAN. I hand you what purports to be a photostatic copy of the contract to which you have referred. Will you examine it and state if you identify it?

(The document was handed to the witness.)

The CHAIRMAN. Do you recognize that as a photostatic copy of the original contract?

Mr. MATUAL. Yes, sir.

The CHAIRMAN. That may be exhibit No. 50.

(Contract referred to was marked "Exhibit No. 50" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. I would like to read that clause in the contract. The contract states that it should be in existence from August 1, 1957, to August 1, 1959; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And that the terms should remain in effect for that period of time?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Then the last paragraph of the contract states:

If the Teamsters' International Union is expelled from the AFL-CIO Federation, then this contract with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, now AFL-CIO, shall terminate as of same date of expulsion, but this contract shall be in full force and effect from August 1, 1957, to August 1, 1958, by any other union our drivers may choose for their bargaining agent.

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. It says here "from August 1, 1957, to August 1, 1958." Is that a typographical error?

Mr. MATUAL. Made by the office girl.

Mr. KENNEDY. It should be 1959?

Mr. MATUAL. It should be 1959.

Mr. KENNEDY. That was corrected on the face of the contract, where you say it should exist to 1959?

Mr. MATUAL. When I went to the brewery, that is the first thing that Mr. Kline noticed. He said, "I won't sign a 1-year contract, because we agreed to a 2-year contract." I said, "What do you mean?" He said, "Well, there is an error on there"; and I said, "You are right."

Mr. KENNEDY. And it was corrected on the face?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. What was the next situation that arose? You signed this contract and you were working there. What happened as far as your disputes with the international union?

Mr. MATUAL. Well, we went to court, and John Clinch represented that certain group that was with John T. O'Brien, and so during one of the sessions, during recess, I kidded John, because John and I are pretty good friends.

I said to him, "By God, John, that international must be paying you a pretty good piece of change"; and he said, "What do you mean? The international is not paying me anything. The rank and filers are paying me."

I looked at him and I laughed, and I kidded him a little and I walked away.

Mr. KENNEDY. In July 1957 you had brought action against O'Brien and Flower, charging violation of the injunction against the international; right?

Mr. MATUAL. That is right.

Mr. KENNEDY. And on August 12, 1957, the Illinois Appellate Court upheld your injunction against the international. Then later you filed charges against O'Brien and Flower; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. They asked for a change in venue; is that right?

Mr. MATUAL. Well, they always asked for that, any time we went to court. We couldn't ever find a judge to suit him.

Mr. KENNEDY. And a judge—

Mr. MATUAL. They picked up Judge Pucci somewhere.

Mr. KENNEDY. P-u-c-c-i?

Mr. MATUAL. P-i-c-c-i, or something like that.

Mr. KENNEDY. And he was brought in from another county?

Mr. MATUAL. Yes.

Mr. KENNEDY. And he ruled that the trusteeship against your local was not valid?

Mr. MATUAL. He ruled that the trusteeship was illegal that they applied, but that if certain articles—for example, there was a bill missing there for \$1,000 in furniture that they bought before my time, before I became president of local 46, in fact before I became a member of local 46. That bill was lost or mislaid or something. He used that as one article. Then the other article he used—

Mr. KENNEDY. In substance, he said that although the trusteeship was illegal, that they might very well have had reasons to impose a trusteeship, the international union?

Mr. MATUAL. Yes. That was one. And the other one was you can't run for office unless you are a member of the international union 2 years, with dues paid up on the first or before the first. That was another charge.

Mr. O'Brien appointed Flower as a business agent and office manager of local 46 that they set up in La Salle, and his dues were never paid on the first or before the first 2 years in advance, and he also appointed Mr. O'Brien as a financial secretary of local 722 at Ottawa, and still Mr. Flower was not eligible to hold office, according to the international constitution, because the 2-year period was not up.

Mr. KENNEDY. And on the question of the misuse of union funds. \$1,000 that was involved, that occurred prior to your coming into the local union?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. His decision came down in September of 1958; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And the international then again set up another alternate local 46 in La Salle, Ill.?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. What did they proceed to do then?

Mr. MATUAL. They proceeded to threaten employers, that if their people didn't join local 46 they would shut off their deliveries, and they stopped one truckdriver from even bringing his truck from Chicago, working for Tobler Transfer Co. He had to ride home with another truckdriver that belonged to John T. O'Brien's local 46.

Mr. KENNEDY. Did truckdrivers try to deliver things in Chicago and had to return?

Mr. MATUAL. The employers got frightened and most of them sent their people to O'Brien's office and told them to sign up, because they wanted to stay in business.

Mr. KENNEDY. So with this pressure on them, a number of them signed up; is that right?

Mr. MATUAL. Quite a few. To cite you one example, we went to a bakery by the name of Omar one night to ask the people to belong to this union, which they did up to that day, and Mr. Flower came in there with another man by the name of Benning that they sent up from southern Illinois to work with them, and the employees demanded a debate to see what union they would belong to.

After we debated the situation, they took a vote, and the employees voted out of 21, 19 to stay with us and 2 voted to go to Flower's 46.

Immediately the international union got hold of the officials in Milwaukee, of the company, and told them that they had a contract with them.

The company got hold of their employees and told them that if they belonged to the Mine Workers local they would have to close their office in La Salle, they could not operate. So the men were forced to join local 46.

Mr. KENNEDY. Did they then have a meeting or a hearing as to whether trusteeship should be imposed on your local?

Mr. MATUAL. Then we went into court—

Mr. KENNEDY. This is in September of 1958. September and October, right after Judge Pucci's decision.

Mr. MATUAL. Well, we went back to court asking for another temporary injunction against them, and the judge sat down and said, "The best thing to do is to get the two parties together because you will be walking back and forth with injunctions all your life and not getting anywhere."

Mr. KENNEDY. Let me take you back just a little bit.

There was a hearing by the international union. Mr. Hoffa set up a committee of three individuals on whether to impose a trusteeship on your local, to follow the procedure that should be followed under the trusteeship?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. That was headed by the first vice president of the Teamsters, Mr. Conlin, was it? Who was the head of that committee?

Mr. MATUAL. The people that came down to have that trusteeship were Dave Sark and Ed Flower.

Mr. KENNEDY. But they had a meeting, one of the international vice presidents and two other individuals, which you did not attend, which you boycotted, as to whether a trusteeship should be imposed on local 46?

Mr. MATUAL. Yes, I remember that.

Mr. KENNEDY. You did not go.

Mr. MATUAL. We did not go.

Mr. KENNEDY. Anyway, the ultimate decision was that a trusteeship should be imposed?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. So they came down in October 1958 to impose a trusteeship, on or around October 10, 1958.

Mr. MATUAL. They sent Dave Sark and Ed Flower, and they had the same letter, that they were imposing a trusteeship.

Mr. KENNEDY. Then you people still refused to recognize the trusteeship; is that right?

Mr. MATUAL. The rank and file wouldn't accept it.

Mr. KENNEDY. So, in October of 1958, they came in to try to impose a trusteeship, and they had their own local 46 going at the same time?

Mr. MATUAL. They started their local immediately.

Mr. KENNEDY. Then did you go up and meet with Mr. O'Brien in Chicago?

Mr. MATUAL. Yes, we did.

Mr. KENNEDY. That was in November of 1958?

Mr. MATUAL. 1958.

Mr. KENNEDY. What happened at that meeting with Mr. O'Brien?

Mr. MATUAL. Mr. O'Brien—we went in there, five board members; myself, the vice president, Moriarity, financial secretary Fred Booshart, recording secretary Robert Stewart and one of the trustees, Melvin Siebert, and our attorney, Taylor Whithem.

We met with Mr. O'Brien, Dave Sark, and their Chicago attorney by the name of Segall, and their Ottawa attorney, Lanutti.

Our attorney said to O'Brien, "What have you got to offer?" and O'Brien said, "Well, I have two things to offer you. You can have an independent local of your own or you accept the trusteeship."

The CHAIRMAN. The committee will be in recess for about 15 minutes until the members can go to the Senate chamber and respond to this rollcall vote. We will be back in session in about 15 minutes.

(A short recess was taken, with the following members of the select committee present: Senators McClellan and Church.)

The CHAIRMAN. The committee will come to order.

Proceed.

Mr. KENNEDY. So when you had this meeting in Chicago with Mr. O'Brien, he gave you several choices, one that you could go independent, or the other that you could accept trusteeship; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. The other local 46 had been operating at the same time?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Going back for a moment to Judge Pucci's decision, had you been meeting or had your attorney met Judge Pucci at all during this period of time? Had you met him in his own chambers?

Mr. MATUAL. No.

Mr. KENNEDY. Had your attorney been meeting him in his chambers?

Mr. MATUAL. That I wouldn't know.

Mr. KENNEDY. The records of the lawyer for the Teamsters indicate that he was conferring quite frequently in conferences with Judge Pucci. On November 1, a conference for an hour in the morning; on November 1, another conference in the afternoon for a half-hour.

Then on November 4, for a 15-minute period. But you don't know about your attorney. Did you know that these conferences were taking place?

Mr. MATUAL. No.

Mr. KENNEDY. After you got the alternatives from O'Brien, you went back to your own local then?

Mr. MATUAL. We went back home. We put an ad in the paper and we called a special meeting of the membership. They took a vote on what they wanted.

Mr. KENNEDY. What did they vote to do?

Mr. MATUAL. They voted to go independent.

Mr. KENNEDY. What was the vote?

Mr. MATUAL. 165 to go independent and 15 to join 722, and 15 to accept the trusteeship.

Mr. KENNEDY. So you went independent?

Mr. MATUAL. We went independent.

Mr. KENNEDY. Did you affiliate thereafter with another international union?

Mr. MATUAL. We affiliated with District 50, United Mine Workers.

Mr. KENNEDY. When did you do that?

Mr. MATUAL. We took a vote that same evening of the members. We first called in the representatives of the Mine Workers to talk to the members, and then we took a vote and the members voted to go into the Mine Workers.

Mr. KENNEDY. That was on November 22, is that right, 1958?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Then did you have some discussions with the officials of the Union Star Brewery?

Mr. MATUAL. Yes.

Mr. KENNEDY. The Star Union Brewery?

Mr. MATUAL. Yes. I went down to the office of the Star Brewery Co. and met with Mr. Kline, the general manager, and I asked him to recognize district 50.

Mr. KENNEDY. What did he say?

Mr. MATUAL. He said that he would have to take it up with John Clinch.

Mr. KENNEDY. So what happened then?

Mr. MATUAL. John Clinch—well, he didn't seem to want to sign the recognition.

Mr. KENNEDY. So a strike commenced on January 9, 1959?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. That was at the bottle works of the company, and on January 13, 1959, at the brewery; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Did some outside Teamsters then come in to try to break your picket line?

Mr. MATUAL. Yes. They imported, about 2 days after we went out on strike, they imported about 10 cars of outside people, and they drove—Mr. Flower led them through the picket line into the brewery.

Mr. KENNEDY. They were trying to break your picket line?

Mr. MATUAL. They broke the picket line. They drove right into the brewery.

Mr. KENNEDY. Your people had voted to go out on strike; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. None of the people that worked in the brewery had gone over with Mr. Flower's local?

Mr. MATUAL. Not one then or not one since.

Mr. KENNEDY. The United Mine Workers represented the employees of the brewery?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Then the Teamsters sent in these outsiders to try to break the picket line?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Was that successful?

Mr. MATUAL. No, it wasn't.

Mr. KENNEDY. They came through the picket line, but it was not successful in breaking the strike?

Mr. MATUAL. Not a successful break.

Mr. KENNEDY. The strike is going on at the present time?

Mr. MATUAL. They came through once again.

Mr. KENNEDY. When was that?

Mr. MATUAL. Last month, I think around the 18th.

Mr. KENNEDY. Who were these people who came through your picket line?

Mr. MATUAL. From all over the State. The police took the license numbers of the cars and they checked them. One was from St. Louis, a couple from Collinsville, Ill.; one from Springfield; one from Joliet; one from Rock Island.

Mr. KENNEDY. So the Teamsters now were acting in the capacity of strikebreakers; is that right?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. They were sending in strikebreakers?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. So in 1959 the Teamsters have taken on this additional burden of acting as a strikebreaker?

Mr. MATUAL. Yes, sir.

The CHAIRMAN. What do they call a strikebreaker? What is the general term for it?

Mr. MATUAL. Do you want to hear it?

The CHAIRMAN. Yes.

Mr. MATUAL. Scab.

The CHAIRMAN. So some of the Teamsters do a little scabbing on their own? Some of the officers directed it?

Mr. MATUAL. Yes, sir.

The CHAIRMAN. So you got scabbed at a bit, your group; is that correct?

Mr. MATUAL. That is correct.

Mr. KENNEDY. What position did the authorities in the city take toward the scabs?

Mr. MATUAL. The majority of Peru and the police department went in and notified John Clinch that if there was any skulls to be broken, it wouldn't be the people of this community, it would be the outsiders that they have imported.

Mr. KENNEDY. So it was not successful?

Mr. MATUAL. It was not successful.

Mr. KENNEDY. They left?

Mr. MATUAL. They left.

Mr. KENNEDY. That is, after the strong position taken by the city authorities?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. Did Mr. Clinch and the brewery sign a contract with the Teamsters?

Mr. MATUAL. Not that I know of.

Mr. KENNEDY. Well, in February of 1959 did they announce that they had signed a contract?

Mr. MATUAL. I heard about it, but the workers don't know anything about any contract that he signed. He didn't approach the workers.

Mr. KENNEDY. The attorney for the company, for Mr. Clinch, announced he had signed a contract with Mr. O'Brien; is that right?

Mr. MATUAL. He announced that, but the workers never seen the contract nor heard about him signing a contract, or neither did I.

Mr. KENNEDY. And Mr. O'Brien didn't represent any of the employees?

Mr. MATUAL. Not one. He didn't represent them then; he don't represent them now.

Mr. KENNEDY. Do you know if Mr. Clinch was receiving any money? Mr. Clinch's wife is one of the owners of the brewery; is that right?

Mr. MATUAL. Her mother is a stockholder of the brewery, but I don't think his wife has any stock in there.

Mr. KENNEDY. His wife's family?

Mr. MATUAL. The family has; yes.

Mr. KENNEDY. And Mr. Clinch was the attorney for the brewery?

Mr. MATUAL. If he was, he was self-appointed.

Mr. KENNEDY. For the brewery?

Mr. MATUAL. For the brewery.

Mr. KENNEDY. Well, he participated in some of the negotiations on the contract with you.

Mr. MATUAL. In 1957.

Mr. KENNEDY. Yes.

Mr. MATUAL. Yes; that one day.

Mr. KENNEDY. Then he was acting in the capacity, certainly, as one of the attorneys for the brewery?

Mr. MATUAL. Yes, he was, and he was also acting in the capacity or representative of those few people that O'Brien had down home at that time, in court.

Mr. KENNEDY. So he was representing not only the brewery, but he was representing some of O'Brien's followers; is that right?

Mr. MATUAL. And he was also representing the city of Peru as a city attorney.

Mr. KENNEDY. Do you know if he received any money from the Teamsters Union?

Mr. MATUAL. No; I don't.

Mr. KENNEDY. Did you go down to the Teamsters' Miami convention?

Mr. MATUAL. Yes, I did.

Mr. KENNEDY. Did you try to present your case at that time?

Mr. MATUAL. I walked in the credential room at the Eden Roc Hotel on Sunday afternoon about 2:30 with my letter from the local union identifying me as an elected delegate to the convention, and also with injunction papers showing that the Teamsters International Union was under injunction, that this local 46 was proper according to law, and I wanted to get before the executive board and present my case.

I walked down the aisle halfway when Charlie Farrell, the international auditor, spotted me and he said, "Throw him out." So down came the two guards by the door to grab me by the arm, and I told them I found my way in and I would find my way out, and I walked out.

Mr. KENNEDY. You never had a chance to present your case?

Mr. MATUAL. No, sir.

Mr. KENNEDY. Did you recognize any of the other—

Mr. MATUAL. Then I met John T. O'Brien right after that in the pressroom and he said to me, "You are not going to get in that con-

vention. I am going to see to it that you don't get in there. You have no business in there."

And I didn't.

Senator CHURCH. Was that the convention that elected Mr. Hoffa?

Mr. MATUAL. Yes.

Senator CHURCH. He was elected president of the International.

Mr. KENNEDY. Mr. Trevaro is a vice president of local 732; is he?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And Mr. Clarence Keim is a business agent and president of local 722?

Mr. MATUAL. He was at that time.

Mr. KENNEDY. Did they attend the Miami Convention?

Mr. MATUAL. Yes, they did.

Mr. KENNEDY. As delegates of what local?

Mr. MATUAL. 179, out of Joliet.

Mr. KENNEDY. Even though they were officers of 722?

Mr. MATUAL. That is right.

Mr. KENNEDY. From the conversations that you had with Mr. O'Brien and with these other individuals, was there any question in your mind who was behind this effort?

Mr. MATUAL. James Hoffa.

Mr. KENNEDY. That, of course, is in direct conflict with the testimony that he gave before the committee during August of 1957 when all of this was taking place.

But you say that the testimony you have given regarding your meetings with Mr. Hoffa is correct?

Mr. MATUAL. Yes, Your Honor.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. I believe you folks have had a little trouble trying to operate your own union; have you not?

Mr. MATUAL. We had plenty of trouble and still have.

The CHAIRMAN. We have been talking about democracy, getting a little democracy in unions. Is that all you have been fighting for, the right for your men, the people who constitute your local there, to have the right to make their own decisions?

Mr. MATUAL. Yes. I was elected by the people and I thought I would serve them just the way they wanted me to serve them.

The CHAIRMAN. Do you still have the support of a majority of them?

Mr. MATUAL. Yes.

The CHAIRMAN. Are you still out on strike?

Mr. MATUAL. Yes, sir.

The CHAIRMAN. They have not been able, with the help of these outsiders, to break your strike yet?

Mr. MATUAL. Not yet.

The CHAIRMAN. As I understand it, the company would just as soon go on and sign up with you, but they are apprehensive about the other side; is that correct?

Mr. MATUAL. Mr. Kline would sign up with us tomorrow morning, if he could.

The CHAIRMAN. Do you mean the company man?

Mr. MATUAL. The company, the general manager.

The CHAIRMAN. So the real issue here, the real trouble, is not so much between the men and the company they work for, as it is a

fight between the unions, between segments, different elements of the union; is that correct?

Mr. MATUAL. That is right, sir.

The CHAIRMAN. That is what is causing the trouble?

Mr. MATUAL. It looks that way.

The CHAIRMAN. I was quite interested in this aspect of it. We are trying to get democracy in unions, and the Teamsters is possibly the largest and most powerful, in many respects.

From your testimony I believe we have a demonstration or an illustration of democracy, Hoffa-Teamster style. You and your local up there seem to be the victims of it now.

Mr. KENNEDY. You say that as far as some of the officials of the company, they would sign up. Would you also apply that characterization to Mr. Clinch?

Mr. MATUAL. No; I wouldn't.

Mr. KENNEDY. He represents the company, does he not?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. He would appear to favor Mr. O'Brien and his group, would he not?

Mr. MATUAL. Yes, sir; very much so.

Senator CHURCH. Mr. Chairman, it seems to me——

The CHAIRMAN. Is Mr. Clinch a lawyer?

Mr. KENNEDY. Yes.

Senator CHURCH. That this witness's testimony indicates how very difficult it is for the rank and file to deal with those in command of the Teamsters International. So often we hear it said, "Why don't these working people rise up and throw the rascals out?" Well, that is much easier said than it is done. I think this story exemplifies that fact very well.

I want to commend the witness for the way he stood up for his rights and for the rights of his people. In the long run, the best work will be done by men like the witness, who are determined to fight for their rights and the rights of the people they represent, and are not going to permit themselves to be shoved around. I think we owe this witness a good deal in coming here today and giving us his story.

The CHAIRMAN. As I understand, there is no difference between you and the company, between your union and the company, with respect to wages or terms of employment or working conditions; there is no issue there?

Mr. MATUAL. No issue whatsoever.

The CHAIRMAN. It is just a question of who is going to get the money from the dues?

Mr. MATUAL. That is right.

The CHAIRMAN. And who is going to manage and control the union; is that right?

Mr. MATUAL. No; who is going to be the representative of those people.

The CHAIRMAN. They are the ones who really control it.

Mr. MATUAL. That is right.

The CHAIRMAN. Certainly that would be true if the other side gets it; is that correct?

Mr. MATUAL. Yes.

The CHAIRMAN. I just saw here this morning when we heard the testimony of this man O'Brien they just take 90 cents out of \$4 and split it up in great big commissions and got such a big hunk they can't take it all out now. They have to leave some of it in the deep freeze for retirement.

Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Clinch.

The CHAIRMAN. Be sworn.

You solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CLINCH. I do.

TESTIMONY OF JOHN J. CLINCH, JR.

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. CLINCH. I am John J. Clinch, Jr. Among various of my endeavors I am a duly licensed attorney-at-law under the laws of the State of Illinois, and have been so licensed for more than 17 years. Any other endeavors I will leave to the discretion of this honorable body rather than to go on into others.

I will elaborate if you like. You asked about occupation. I will continue at the pleasure of the Chair.

The CHAIRMAN. You have some other interests, possibly, and that may come out in the course of the interrogation. But primarily you are an attorney?

Mr. CLINCH. That is my principal endeavor. I am not at all trying anything more than to give the committee its discretion. I am otherwise engaged monetarily and financially, but I will develop it at the pleasure of the Chair.

The CHAIRMAN. We will proceed, then.

Mr. CLINCH. I reside at 2116 Tenth Street, Peru, Ill., and have so resided there for more than—well, there and next door since I returned from World War II, approximately 14 years. Prior to that I was a native born of LaSalle, Ill., where I resided all my life until World War II.

The CHAIRMAN. Thank you very much.

Proceed, Mr. Kennedy.

Mr. KENNEDY. I want to see if we can keep our answers brief as we go through these situations.

Mr. CLINCH. I wanted full identification, sir.

Mr. KENNEDY. You are city attorney for the city of Peru?

Mr. CLINCH. I am.

Mr. KENNEDY. And you are vice president and corporation counsel for the Star Union Brewery?

Mr. CLINCH. I am. And secretary of the corporation, and member of the board of directors.

Mr. KENNEDY. And your wife's family has a major interest in the brewery?

Mr. CLINCH. Correct, sir.

Mr. KENNEDY. In 1957, you were approached, were you, to assist some members of local 46 in their altercations with Mr. Matual, Barney Matual?

Mr. CLINCH. More than altercations with Mr. Matual. Yes, I was, as a private practicing attorney; yes, sir.

Mr. KENNEDY. Who were you approached by?

Mr. CLINCH. Initially John Sharp. He is a coal dealer and member of the Teamster Local Union No. 46.

Mr. KENNEDY. Then did you meet with certain other members?

Mr. CLINCH. That was his call. He made an appointment where he and six others made an evening appointment about the latter part of February 1956, and at that time I first had any attachment or opportunity as to whether I would take their case.

Mr. KENNEDY. He was a truck owner, was he?

Mr. CLINCH. He is a coal dealer and truck owner, yes, has been for many years. He succeeded his father.

Mr. KENNEDY. He is the one that approached you about representing some of these members of the union?

Mr. CLINCH. Correct.

Mr. KENNEDY. You then met with some members of the union?

Mr. CLINCH. His group, who later I then knew were then members and as far as I know are still members of local union No. 46.

Mr. KENNEDY. They wanted you to represent them, did they?

Mr. CLINCH. Right.

Mr. KENNEDY. You did represent them?

Mr. CLINCH. I took the matter initially under advisement to find out. We had about a 3-hour conference, but ultimately, in substance, yes.

Mr. KENNEDY. What arrangements did you make as far as compensation was concerned?

Mr. CLINCH. Skipping the details, I took the group case on the predication of group representation, that I would represent them individually in their status with respect to their own union affiliation and with respect to their job security with their respective employers. It was purported some 500 were in need of such, but it never reached more than approximately—

Mr. KENNEDY. What sort of compensation were you to receive?

Mr. CLINCH. On the group representation theory, I indicated it was unknown, but I committed myself to take it with an initial retainer of \$1 plus further limitations not to exceed a total aggregate of \$5 per individual on that aspect.

Mr. KENNEDY. \$5 a person?

Mr. CLINCH. Right, having in mind \$500, or \$2,500 maximum.

Mr. KENNEDY. So you then proceeded to represent them in their disagreements with Mr. Matual?

Mr. CLINCH. Right.

Mr. KENNEDY. At that time, or subsequently, did you also become attorney for the brewery?

Mr. CLINCH. Later, yes, in point of time.

Mr. KENNEDY. In 1957 you became attorney for the brewery?

Mr. CLINCH. Right. In July, I believe.

Mr. KENNEDY. 1957. And this local union represented the employees of the brewery, did it not?

Mr. CLINCH. Local 46?

Mr. KENNEDY. Yes.

Mr. CLINCH. The Brotherhood of Teamsters; right.

Mr. KENNEDY. Did you continue, after you became attorney for the brewery, and in view of the fact that your wife had an interest in the brewery, or did you then give up your representation of these employees in their disagreements with Mr. Matual?

Mr. CLINCH. None of the employees of the brewery were involved.

Mr. KENNEDY. But they were having an altercation or disagreement with Mr. Matual?

Mr. CLINCH. None of the employees of the brewery were among my clients.

Mr. KENNEDY. But the people you were representing, supposedly representing, were having this disagreement with Mr. Matual, who was the bargaining representative for the employees of the brewery.

Mr. CLINCH. Not only with Mr. Matual, but the International Brotherhood.

Mr. KENNEDY. Did you keep on?

Mr. CLINCH. No.

Mr. KENNEDY. Did you receive compensation from these people that you were representing?

Mr. CLINCH. Only—well, immediately the initial \$2 retainer, yes.

Mr. KENNEDY. So you received a dollar?

Mr. CLINCH. Approximately \$123; right.

Mr. KENNEDY. \$123?

Mr. CLINCH. Right.

Mr. KENNEDY. How long did you continue to represent them?

Mr. CLINCH. Right to date I am representing them, and have not billed them for the remaining \$4, no.

Mr. KENNEDY. You have only received \$123?

Mr. CLINCH. Right.

Mr. KENNEDY. Coming up into 1959 and 1958, did you sign a contract with Mr. John O'Brien of the International Brotherhood of Teamsters?

Mr. CLINCH. On only one occasion I signed with the employer, Star Union Products Co., a contract with Mr. O'Brien.

Mr. KENNEDY. With whom?

Mr. CLINCH. I signed it in behalf of management. John T. O'Brien signed it in behalf of labor.

Mr. KENNEDY. When did you sign that?

Mr. CLINCH. I know it was, in point of time—I cannot now recall, but I know it was subsequent to the imposition by the Brotherhood of a trusteeship, which I believe was in early October 1958.

Mr. KENNEDY. But your employees had voted to affiliate with the United Mine Workers.

Mr. CLINCH. Not at that time, no.

Mr. KENNEDY. In 1958 they did.

Mr. CLINCH. Not at the time in 1958 of which I am speaking.

Mr. KENNEDY. Then you signed this contract between October of—

Mr. CLINCH. Sometime after October 6, that is right.

Mr. KENNEDY. October 6?

Mr. CLINCH. That is my recollection, yes. After the appointment of the trustee. It is of record. I can't recall the date now. He was in capacity of trustee.

Mr. KENNEDY. Is the contract dated?

Mr. CLINCH. No, it is not.

Mr. KENNEDY. Why didn't you date the contract?

Mr. CLINCH. I followed the pattern of the prior contract, immediately prior and others, in which, for some reason unknown to me, there were no dates of execution. They covered the working period, retroactive, beginning and ending. Apparently there was a custom established.

Mr. KENNEDY. This contract that you say you signed in 1958 which, if it was between the time the trusteeship was imposed—which was around the 9th or 10th of October 1958—and the time they affiliated with the United Mine Workers, which was November 22, 1958—

Mr. CLINCH. I would doubt that information. I don't know when they affiliated.

Mr. KENNEDY. Are you positive and can you state here under oath that you signed the contract in that time?

Mr. CLINCH. It is my best recollection that it was between that time. I cannot positively say that it was, no, sir.

Mr. KENNEDY. Were the employees ever consulted?

Mr. CLINCH. Not by me.

Mr. KENNEDY. Were the employees ever consulted by anyone that you know?

Mr. CLINCH. Not to my knowledge.

Mr. KENNEDY. If you did not sign the contract between those dates, Mr. O'Brien without any question, didn't represent your employees.

Did you attempt to determine whether he represented the employees?

Mr. CLINCH. It was my knowledge that our employees were, and as far as my knowledge, and as far as I would know anyone within management, they were Teamsters. I don't know when they disaffiliated. I wouldn't know.

Mr. KENNEDY. But Mr. Matual represented the employees in your plant.

Mr. CLINCH. He had participated—I get this on information and belief, and I don't know as to when; it is what is called a schism. He left the Teamsters.

Mr. KENNEDY. And the employees left with him.

Mr. CLINCH. They may have. I don't know when they may have or what affiliation they may have. I am without information on that.

Mr. KENNEDY. You are without information and yet you go ahead and sign a contract with Mr. O'Brien, a representative of an international that has been expelled from the AFL-CIO, you go ahead and sign a contract with him without determining whether he represented your employees or not?

Mr. CLINCH. I was of the opinion that he did. I had no information to the contrary.

Mr. KENNEDY. Do you know one employee that he represented?

Mr. CLINCH. I thought all—one classification under one of two contracts, the truck drivers. I thought he did.

Mr. KENNEDY. Mr. Matual represented them.

Mr. CLINCH. He did at one time. But Mr. Matual, and I only have information from the newspaper, chose not to be a Teamster, and he himself, together with, and I have no information, many members, but a minority of local 46, there was a 600-plus membership, I don't have the information, Mr. Matual might know, perhaps, according to press information, which is all I have, 165 members of local union 46 held an election sometime in, I think, November or December of 1956, to disaffiliate and organize a new union. I don't know where our particular employees in the Star Union Products Co. voted, how, or what, on that issue.

Mr. KENNEDY. Before you sign a contract with somebody, wouldn't you want to find that out?

Mr. CLINCH. It was my impression that at the time I signed it that they were still Teamsters.

Mr. KENNEDY. Didn't you try to determine from your employees whether they were independent, with the United Mine Workers or with Mr. O'Brien?

Mr. CLINCH. Management was of the opinion at the time that the contracts were signed, to the best of my knowledge and recollection, that they were Teamsters.

Mr. KENNEDY. It seems very peculiar to me that way back in 1957 you were representing people who were opposed to Mr. Matual and were pro-Mr. O'Brien; that you became the attorney for the brewery; that you continued to represent these people, and then suddenly, in the end of 1958, you say that you signed a contract, which is undated.

Did you ever receive any money from the International Brotherhood of Teamsters?

Mr. CLINCH. I did, and it is my recollection it was a brotherhood check, and it was approximately in the month of November or December of 1958, yes, sir.

Mr. KENNEDY. How much money did you receive from the international?

Mr. CLINCH. The gross was a \$4,000 check.

Mr. KENNEDY. You received \$4,000 from the International Brotherhood of Teamsters at the same time you were representing the brewery?

Mr. CLINCH. Not as a payment from them. It was their check; yes.

Mr. KENNEDY. Well, that is a payment from them.

Mr. CLINCH. Sir, I have had insurance companies pay and the real party paying was someone else, in that distinction. But I did receive such a check.

Mr. KENNEDY. Is that the only money that you ever received from them?

Mr. CLINCH. That is the only money that was ever transmitted to me.

Mr. KENNEDY. You never received any other money other than the \$4,000 check?

Mr. CLINCH. At any time. Nor are there commitments pending.

Mr. KENNEDY. You didn't receive \$350 or \$400?

Mr. CLINCH. Not from the—what was that?

Mr. KENNEDY. What other money did you receive?

Mr. CLINCH. I already talked about the rank and file, and there are two separate and distinct classifications.

I did receive, which covered in part, money for research work from Joseph Lannutti—

Mr. KENNEDY. How much did he send you?

Mr. CLINCH. He sent me a check for \$405.

Mr. KENNEDY. What for?

Mr. CLINCH. That was for reimbursement cumulatively, but there was other things, of research that I had performed in the pending case in LaSalle County, which he had asked for and I, in turn, had given to him and told him the hours involved.

Mr. KENNEDY. Who was he representing?

Mr. CLINCH. He had represented the International Brotherhood, then, and as far as I know still does, of Teamsters.

Mr. KENNEDY. So you received the check from the international of \$4,000, and then you received money from the international's attorney of some \$405?

Mr. CLINCH. I did.

Mr. KENNEDY. You didn't see any conflict in that?

Mr. CLINCH. I do not, ethically or otherwise.

Mr. KENNEDY. The people that you are representing, even the Teamster members, do they know you received the \$4,000?

Mr. CLINCH. I believe they do. They apparently are the ones, at least to my knowledge, who arranged for it. I don't know how.

Mr. KENNEDY. For your information, we interviewed them, and they didn't know you received any money other than the \$123.

Mr. CLINCH. I don't know their knowledge, but the arrangements were made to my knowledge by and through John Sharp.

The CHAIRMAN. What was this \$4,000 for?

Mr. CLINCH. That was for the payment of my statement of account—

The CHAIRMAN. Of what?

Mr. CLINCH. A payment of a statement of account of mine.

The CHAIRMAN. A statement of account?

Mr. CLINCH. Right, sir, issued by me.

The CHAIRMAN. That is the international union?

Mr. CLINCH. No.

The CHAIRMAN. The \$4,000 check?

Mr. CLINCH. Right.

(At this point Senator Capehart entered the hearing room.)

The CHAIRMAN. That was from the international union?

Mr. CLINCH. To my best recollection it was; yes, sir.

The CHAIRMAN. At the same time you were attorney for the Star Union Products Co.?

Mr. CLINCH. I was.

The CHAIRMAN. You were also attorney for—what was the other company?

Mr. CLINCH. Star Bottling.

The CHAIRMAN. Star Union Beverage Co.?

Mr. CLINCH. No, that is not correct. The two corporation titles are, (1) a brewery, Star Union Products Co.; and (2) the soda carbonated beverage is Star Bottling Co.

The CHAIRMAN. You were representing the company interests, were you not?

Mr. CLINCH. I was, sir; yes, sir.

The CHAIRMAN. Then you get a check for \$4,000 from the union, the international union interests?

Mr. CLINCH. I did get that, sir.

The CHAIRMAN. And you see nothing in conflict, no conflict of interest?

Mr. CLINCH. As I understand it, and I believe it is correct, it is no different than if another client of mine went to a bank and arranged loans or something and I received a bank check to pay me their fee.

The CHAIRMAN. You said a statement of account. Why would the union be paying the attorney fee for the company?

Mr. CLINCH. Not the company. The company was not involved in that litigation, Mr. Chairman.

The CHAIRMAN. Well, you do represent the company, and the company has a contract with the union, does it not?

Mr. CLINCH. They are distinctly different. Yes, what you have said is true, but they are not connected in any manner.

Mr. KENNEDY. It is just another example of an international union financing a fight against those who are opposed to the leadership. We have had the example of John Cunningham before the committee, people who prostitute themselves to Mr. Hoffa and the rest of the international officers.

You cannot see a conflict in receiving money from the international union while representing an employer? That is just unbelievable to me.

The CHAIRMAN. You were taking money from 123 employees, were you not—working people?

Mr. CLINCH. Rank and file members, none of whom were employees of either of two companies in question. Yes, I was representing them as a lawyer.

The CHAIRMAN. They were members of this local that is in controversy?

Mr. CLINCH. They were.

The CHAIRMAN. So were the employees of the Star Union Products Co., were they not?

Mr. CLINCH. They also were; right.

Mr. KENNEDY. When did you receive this \$4,000?

Mr. CLINCH. I don't have the date, but my recollection is it was in the month of November of 1958. I gave the date to Mr. Schultz, your investigator.

Mr. KENNEDY. November of 1958?

Mr. CLINCH. Right, sir.

Mr. KENNEDY. Did you sign a contract with Mr. O'Brien in February of 1959?

Mr. CLINCH. In the strict sense, yes. It was an extension of other existing contracts. I did.

Mr. KENNEDY. The United Mine Workers representing your employees were out on strike. How is it that you happened to sign a contract with Mr. O'Brien in February of 1959?

Mr. CLINCH. It was my belief, because the company then was and continues to be caught in a two-union jurisdictional dispute, and I now understand that on the day that I departed my home community it is about to become a three-union jurisdictional dispute, over

a claim for the same employee group of five men, I felt that with the situation as it was, and had the opportunity—Mr. O'Brien came to our community not at my call, but I was at the meeting he attended—that it was to the advantage of the employer, my client, to discuss with Mr. O'Brien for what period of time the then contracts, the ones that were previously discussed, by ratification, would go into effect, depending upon the length and duration of the strike and the economic loss to the company.

So there were executed on February 5th extensions of contracts with that in mind.

Mr. KENNEDY. Isn't it a fact that this was all concocted between you and Mr. O'Brien, that the United Mine Workers represented these employees, that you figured out with Mr. O'Brien that you couldn't sign a contract in February of 1959, that the United Mine Workers represented the employees, so that you would say that you signed a contract earlier, in late 1958, when the local was under trusteeship, and that this was just bringing the contract that you signed in February 1959 up to date and trying to give it some legality?

Mr. CLINCH. No, sir.

(At this point Senator Capehart withdrew from the hearing room.)

Mr. KENNEDY. This was all concocted by you and Mr. O'Brien; was it not?

Mr. CLINCH. No, sir; it was not concocted.

Mr. KENNEDY. Do you testify before this committee, under oath, that that contract that you say was signed at the end of 1958 was, in fact, signed in 1958?

Mr. CLINCH. It is my best recollection and my present belief that it was signed in the calendar year of 1958.

Mr. KENNEDY. Can you testify unequivocally that that contract was not signed in 1959?

Mr. CLINCH. I cannot now. On recollection, I cannot.

The CHAIRMAN. That is only 2½ months, a little more than 2½ months, since 1958. Are you stating here under oath that you can't remember whether you signed that contract before the end of 1958?

Mr. CLINCH. It is my best recollection that it was before the expiration of 1958. That is my recollection.

The CHAIRMAN. Have you anything you can refer to, any documents, any memorandums, or anything, that will show when you actually signed it?

Mr. CLINCH. No; there was no correspondence, no memorandums. I know of none that could refresh my recollection.

The CHAIRMAN. Was it after that that you got the check for \$4,000?

Mr. CLINCH. I believe, and my best belief is, it was before I got the check.

The CHAIRMAN. You did it before you got the check and after you got the job done? Is that when you got the check?

Mr. CLINCH. It had no connection with my getting the check or not getting the check.

The CHAIRMAN. I don't know whether it did or not. That is what I am asking you. You can't remember when you signed the contract. I am going to see if you can remember when you got the check.

Mr. CLINCH. I do recall approximately, and I gave the dates to Mr. Schultz. He may have them. I don't have them. It may have been

October 10, it may have been November 10. There were dates discussed.

The CHAIRMAN. Did you get the check last year?

Mr. CLINCH. Last year in 1958.

The CHAIRMAN. You got the check last year?

Mr. CLINCH. Yes. I refreshed my recollection on that with Mr. Schultz, your investigator, and gave him the full information that I had.

The CHAIRMAN. You are sure about that?

Mr. CLINCH. The date of the receipt of the check?

The CHAIRMAN. Yes.

Mr. CLINCH. I would have no doubt, fortified by the records made by others and myself.

The CHAIRMAN. You got the check, then, before you signed the contract?

Mr. CLINCH. I can't say which preceded the other, but it was about the same time, but there was no casual relationship between either.

The CHAIRMAN. I am of the opinion, sir, I think you could remember whether you signed a contract of this importance since the first of the year, less than 3 months ago.

Mr. CLINCH. My present recollection is that it was during the calendar year of 1958. That is my best recollection.

The CHAIRMAN. Do you think you can rely on your present recollection?

Mr. CLINCH. I believe I can, yes, Mr. Chairman.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Chairman, we have here from the previous witness the vigorous attempts by the international officers to stifle democracy within the union; the second point to try to prevent the union membership from exercising their own prerogatives, both as far as financial affairs are concerned and as far as democracy within the union is concerned; and then we have this topped off here in the last few months, a situation that we have seen in the past, where a collusive arrangement is made with employers, which is an attempt by the highest officials of the international union to impose their will upon the employees. It is a mixture of all of the elements which has made the International Brotherhood of Teamsters the subject of investigations for this long period of time.

Nobody, neither you nor the highest officials of the international Mr. Clinch, were interested in the will of the employee.

Mr. CLINCH. I am not now, either, sir.

Mr. KENNEDY. You are not now?

Mr. CLINCH. Excuse me. In influencing them. I do not want to dictate to them their local affiliation. I am interested, yes, whatever is proper in this realm of labor-management relations prevails. I have no desire of dictating to them the union of their choice. They have a standing offer to return to their employment, the strikers.

Mr. KENNEDY. Mr. Chairman, could I call a committee investigator to show how much money was paid to attorneys in efforts by the international to crush Mr. Matual?

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Schultz.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHULTZ. I do.

TESTIMONY OF CARL M. SCHULTZ

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SCHULTZ. My name is Carl M. Shultz. I reside in Chicago, Ill. I am currently assigned as a staff member of the committee by the General Accounting Office.

The CHAIRMAN. How long have you been with the General Accounting Office?

Mr. SCHULTZ. For a matter of 12 years.

The CHAIRMAN. Are you a certified public accountant?

Mr. SCHULTZ. No, I am not, sir.

The CHAIRMAN. What is your training and experience?

Mr. SCHULTZ. My training and experience has been in accounting. I have never become a certified accountant.

The CHAIRMAN. You have been with the General Accounting Office, then, for some 12 years?

Mr. SCHULTZ. That is right, sir.

Mr. KENNEDY. How long have you been with this committee, Mr. Schultz?

Mr. SCHULTZ. It is almost 3 years.

Mr. KENNEDY. Did you make a study of the international records to determine the amount of money that was spent by the international in connection with their fight against Mr. Matual, as far as attorney fees are concerned?

Mr. SCHULTZ. Yes, I did.

Mr. KENNEDY. What is the total?

Mr. SCHULTZ. The total amount paid—

Mr. KENNEDY. From what records did you get that?

Mr. SCHULTZ. It consisted of records of attorneys, together with paid bills or invoices of the international.

Mr. KENNEDY. Would you tell us what the total amount is?

Mr. SCHULTZ. The total amount was \$26,093.66.

Mr. KENNEDY. To whom was that money paid?

Mr. SCHULTZ. Perona & Perona, of Spring Valley, Ill.

Mr. KENNEDY. How much did they receive?

Mr. SCHULTZ. They received \$8,682.48.

Asher, Guffins & Segall of Chicago, they received \$1,599.09. Clinch & Weiland of Peru received \$4,000. Joseph Lanutti of Ottawa, Ill., received \$11,812.09.

Mr. KENNEDY. Does that make the total?

Mr. SCHULTZ. That makes a total of \$26,093.66.

TESTIMONY OF WALTER J. SHERIDAN—Resumed

Mr. KENNEDY. Mr. Sheridan, we also find that Mr. Harold Gibbons made arrangements to advance some \$5,000 to Mr. O'Brien?

The CHAIRMAN. Mr. Sheridan, you have been previously sworn in these proceedings?

Mr. SHERIDAN. Yes.

There is a memorandum dated February 12, 1958 from Harold Gibbons, to John F. English, from the files of the international union, re: Loan to local 46, Peru, Ill., which authorizes a loan of \$5,000 to local 46, and recommends that the money be forwarded to Vice President John T. O'Brien.

Mr. KENNEDY. Read the whole memorandum.

Mr. SHERIDAN (reading):

This will authorize a loan of \$5,000 to local 46, Peru, Ill. Please forward this money to Vice President John T. O'Brien, who will assume responsibility of the proper disbursement on behalf of the local union.

It is signed by Harold J. Gibbons.

Mr. KENNEDY. That is an additional \$5,000?

Mr. SHERIDAN. Yes, it is.

The CHAIRMAN. Is that \$5,000 in addition to the \$26,000 you have testified to?

Mr. SHERIDAN. Yes, it is, Senator. This would be \$5,000 going to finance the new local 46 that was set up in opposition.

The CHAIRMAN. The \$26,000 was paid to four firms of attorneys?

Mr. SHERIDAN. That is correct.

The CHAIRMAN. Then in addition to that, this \$5,000 was loaned from whom?

Mr. SHERIDAN. From the international union.

The CHAIRMAN. From the international.

Mr. SHERIDAN. To the new local 46, which was set up in opposition to Mr. Matual.

The CHAIRMAN. And disbursed to Mr. O'Brien as the trustee of that local?

Mr. SHERIDAN. By Mr. Gibbons; yes, sir.

The CHAIRMAN. All right.

TESTIMONY OF JOHN J. CLINCH, JR.—Resumed

Mr. KENNEDY. Mr. Clinch, did you have many contacts with Mr. O'Brien?

Mr. CLINCH. Not many in my whole lifetime. Several; yes.

The CHAIRMAN. Not many, or several? Which is it? I don't know what is "several" or "many." What is the distinction? You said not many; several.

Mr. CLINCH. If the Chair please, I am not engaging in semantics.

The CHAIRMAN. Neither am I.

Mr. CLINCH. Possibly offhand, if there were more or less. I would estimate all contacts, personal, in any capacity, would be in the broad term contacts, it is probably limited to less than, offhand, 10 in my lifetime, and I don't consider that many, in my opinion. It is a matter of opinion.

The CHAIRMAN. I am just trying to get it. You used both terms. They might mean different things to different people. I am trying to get it so we can get a general idea of the number of times. Ten, you say, approximately?

Mr. CLINCH. It may be more.

Mr. KENNEDY. When the strike began, did you speak to Mr. O'Brien about making arrangements to have strikebreakers brought in?

Mr. CLINCH. No.

Mr. KENNEDY. Did you speak to him the day that the strike began?

Mr. CLINCH. No, I did not.

Mr. KENNEDY. Did you talk to him at all about the strike?

Mr. CLINCH. I have, since the strike began.

Mr. KENNEDY. The day that the strike began at the brewery, did you speak to him?

Mr. CLINCH. No.

Mr. KENNEDY. You did not?

Mr. CLINCH. No, sir.

Mr. KENNEDY. Did you speak to Mr. Sark about bringing in any strikebreakers?

Mr. CLINCH. No, I have not.

Mr. KENNEDY. Did you talk to him on the day that the strike began, at the brewery?

Mr. CLINCH. I may have. I would say, standing to be corrected, I don't believe I did. I will say I didn't, unless there is something that I don't now recall.

Mr. KENNEDY. But if you did talk to him, it was not a matter of importance?

Mr. CLINCH. It might have been nothing more than to say that we had a strike.

Mr. KENNEDY. Did you talk to him at any length on the day of the strike?

Mr. CLINCH. I honestly believe I did not talk to him.

Mr. KENNEDY. Did you talk to him at all about bringing in strikebreakers?

Mr. CLINCH. No, to my knowledge, not strikebreakers. I am saying I did not ask, solicit, or talk to him about bringing in strikebreakers.

Mr. KENNEDY. Did you talk to him at all about bringing in this caravan of cars?

Mr. CLINCH. There were two such incidents, according to testimony of the last witness.

Mr. KENNEDY. Yes.

Mr. CLINCH. On the first instance, no, I didn't talk to him at all. That was the first time that the group came in. I lost track of the date. It was after the strike was in progress. Not the first week, but perhaps 2 weeks.

Mr. KENNEDY. The second time, did you talk to him about bringing people in?

Mr. CLINCH. I called him to inquire if he had any knowledge on what I had heard as a rumor, that there were applicants coming from the St. Louis, Mo., area, unemployed brewery workers, to make applications for jobs. He indicated that he would check into it.

I received verification from a local newspaper reporter who had heard the same rumor, who called me, that he did verify it with a conversation, that is, a news reporter, with a person whom I have never met or had any contact with, a Robert Lewis, in St. Louis, Ill., that there were unemployed brewery workers on their way or to get sent on their way to Star Union Products Co. to make application for jobs.

That is the second incident that was talked about, strikebreakers. No applications were received. The company did not solicit them coming.

Mr. KENNEDY. Did you suggest to him to try to obtain people to come in?

Mr. CLINCH. I made a demand just before that on all labor unions to comply with their contracts.

Mr. KENNEDY. Did you suggest to Mr. Sark that he bring in some people?

Mr. CLINCH. I don't recall that I did. I did not, as far as I know.

Mr. KENNEDY. Can you deny that you did that?

Mr. CLINCH. From all my recollection; yes. I did not request it; no.

Mr. KENNEDY. This is less than 2 months ago.

Mr. CLINCH. Well, it is less than 6 weeks ago.

Mr. KENNEDY. Did you tell him or request of him that he make arrangements to have people brought in?

Mr. CLINCH. No, I did not.

Mr. KENNEDY. You did not?

Mr. CLINCH. No.

Mr. KENNEDY. Did you have any conversations along those lines whatsoever?

Mr. CLINCH. Some, after I had heard, and during the discussions, yes, there were discussions that they were coming in, not as strike-breakers, but they were coming in; yes.

Mr. KENNEDY. As what?

Mr. CLINCH. To make applications for jobs.

In other words, we had published and made an offer, management, after the strike, after negotiations, that we would receive applications. We did receive locals.

Mr. KENNEDY. So you discussed with him about the fact of bringing some people in to be applicants for jobs?

Mr. CLINCH. I had heard the rumor that they were coming in; yes, I did discuss, and asked him what he knew about it.

Mr. KENNEDY. And he at that time told you about the fact that some arrangements could be made in St. Louis for these brewery workers?

Mr. CLINCH. I had heard that they were coming from St. Louis and I asked him whether he knew about it.

Mr. KENNEDY. Where had you heard that from?

Mr. CLINCH. It was common talk around the street, like many rumors that have flown around. He said he would look into it. On the same day, the newspaper wanted to know what I knew about it. They took Ralph Smarzo and telephoned St. Louis, and the newspaperman confirmed he had talked with a Robert F. Lewis, whom I had no contract with at all, and purportedly Robert Lewis informed the News Tribune reporter, the local daily paper, yes, he was sending men in.

That is about the only confirmation that I would have, except that when I talked with Mr. Sark the next time he indicated yes, he heard they were coming in to apply for jobs; yes.

Mr. KENNEDY. Was that going to be organized by the Teamsters to bring them in?

Mr. CLINCH. I don't know how they were organized. I didn't ask them in.

Mr. KENNEDY. They all came in in cars?

Mr. CLINCH. They did, sir. I don't know how they got there or who organized them. They did arrive; yes, sir.

Mr. KENNEDY. Did you discuss with Mr. Sark or Mr. O'Brien means to be taken to break the strike?

Mr. CLINCH. No.

Mr. KENNEDY. When you talked to Mr. Sark on the telephone, did you talk to him for long periods of time about these things?

Mr. CLINCH. I have had long conversations with him; I have had short ones and I have had many of them.

Mr. KENNEDY. What did you discuss during the strike, if you didn't discuss breaking the strike?

Mr. CLINCH. The strike itself. There have been no discussions of breaking the strike.

Mr. KENNEDY. You say you didn't discuss it with Mr. O'Brien?

Mr. CLINCH. No.

Mr. KENNEDY. Would it refresh your recollection, when your testimony is unequivocally that you did not, to know we have the records here that indicate that you talked to him, as a matter of fact, for 12 minutes on January 13, 1959, and that you talked to Mr. Sark on that same day for 21 minutes, the day that the strike started at the brewery?

Mr. CLINCH. It may very well have been.

Mr. KENNEDY. You just testified that you didn't.

Mr. CLINCH. I have no recollection if I did. I do not recall it. If I did, I did.

Mr. KENNEDY. That wasn't your testimony. You testified definitely that you had not talked to Mr. O'Brien on January 13, the day the strike began at the brewery, and that you said to the best of your recollection you had not talked to Mr. Sark.

According to the records, you talked to Mr. O'Brien for 13 minutes and you talked to Mr. Sark for 21 minutes the day the strike began at the brewery.

Mr. CLINCH. Confronted with that, suffice it, if it is the record. If I did, then I will stand corrected according to the record.

Mr. KENNEDY. What did you call Mr. O'Brien about?

Mr. CLINCH. Perhaps to inform him that he had a strike and he had a contract with us. That we had a strike, I presume. To notify him of it; yes.

Mr. KENNEDY. Then on January 29, 1959, another interesting date, you talked to David Sark on the telephone for 58 minutes. Can you tell us what you talked to him about?

Mr. CLINCH. The date, please?

Mr. KENNEDY. January 29, 1959. You talked to him on the phone for 58 minutes.

Mr. CLINCH. No; I couldn't recall without some reference or something. I have no memorandum of the conversation and that particular date does not stand out. I cannot now recall the substance of the conversation.

Mr. KENNEDY. Mr. Sark was Mr. John O'Brien's representative?

Mr. CLINCH. I am informed that he is his administrative assistant; yes. I have cleared many things, in explanation of why I haven't talked with Mr. O'Brien, with Mr. Sark on the information that he is his administrative assistant, in many conversations.

Mr. KENNEDY. You were working hand in glove with John O'Brien and Sark during this period of time?

Mr. CLINCH. Is that a question?

Mr. KENNEDY. Yes.

Mr. CLINCH. I would not say so. I was interested in their position with this employer, but I have no desire, no interest, as to what they do with their internal affairs with the brotherhood and I am not committed.

Mr. KENNEDY. In order to keep out Mr. Matual and to crush his operations, you came up with the idea of making this contract, even though the United Mine Workers at that time represented the employees?

Mr. CLINCH. That is not a correct conclusion, in my opinion.

Mr. KENNEDY. What is correct, then?

Mr. CLINCH. My endeavor with respect to this strike is wholly unconnected with the internal problems of the workings of the union. They are far bigger than I. I am definitely concerned, professionally and otherwise, with the employer's interest, irrespective of what labor union represents any division of our employees.

Mr. KENNEDY. The contract that you had signed in 1957 indicates that you were to go on until August 1959, August 1, 1959.

Mr. CLINCH. May I please see it?

If I may, please, I do not want to volunteer, I am here as a witness, but I did not negotiate any part of that contract, although Mr. Matual is of the opinion that I did.

Mr. KENNEDY. Were you present at the negotiations?

Mr. CLINCH. No, I was not. I was there, not as testified, I am not quarreling with the other witness on rebuttal; I had only 30 minutes time on that day. I did not speak to Mr. O'Brien on that day. Mr. Matual is mistaken.

I did not negotiate that contract. I walked in at about 30 minutes or less time, in the late forenoon, 11:30 to 12, and they were then in strike about four or five hours. I left with Mr. Kline to do the negotiating.

Mr. KENNEDY. That is incredible, that testimony, in view of this memorandum.

Mr. CLINCH. What is the date of that?

Mr. KENNEDY. June 25, 1957.

Mr. CLINCH. The strike in question and the date of the contract is November 6, 1957. That, I think, antedates it. I don't know the date on it. That was with reference to a prior—to the Star Soda Co.

I gave that as a memorandum to Mr. Kline at a time he was negotiating, I believe, the other company, Star Bottling Co.

Mr. KENNEDY. They are all the same company, Mr. Clinch.

Mr. CLINCH. Two separate corporate entities; the same family, right. But I did not handle labor relations.

Mr. KENNEDY. This memorandum would appear to indicate that you played a very prominent role.

Mr. CLINCH. Advisory.

The CHAIRMAN. I will hand you a photostatic copy of a memorandum or a document, in handwriting, dated June 25, 1956. It appears to be addressed to Star Bottling Co., and it bears the signature of John J. Clinch, Jr.

It contains six pages. I ask you to examine it and state if you recognize it and identify it as a photostatic copy of the original.

(The document was handed to the witness.)

Mr. CLINCH. I do so recognize it, Mr. Chairman.

The CHAIRMAN. It may be made exhibit No. 51.

(Letter referred to was marked Exhibit No. 51 for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. I believe that that should be dated 1957.

Mr. CLINCH. I was of that opinion. But I do not deny that it is my composition and I wrote it.

Mr. KENNEDY. I think you can tell clearly that the date at the top should be 1957 rather than 1956.

Mr. CLINCH. That was the only thought, together with the text. I haven't looked at this, to my knowledge, except to pass it for photocopy and hand it to Mr. Schultz since the date of composition. But if you have an extra copy, if you are going to dwell on it, may I have it?

I think you are correct, and that is the one question I was going to raise, because it doesn't fit in with the facts as I recall them. I think it should be 1957.

Mr. KENNEDY. The memorandum indicates you were taking a very prominent and interested role in the negotiations that were taking place at that time.

Mr. CLINCH. May I see it again? I haven't read it. I don't deny that it is my document. I don't recall what it says. I was giving Mr. Kline what I thought were the facts of a situation with respect to an internal acute problem between the brotherhood and the local which this company had.

Mr. KENNEDY. That is the only point. It is just on the question of your participating in the negotiations.

Mr. CLINCH. For what it speaks, it is my document. I thought you were going to interrogate me.

Mr. KENNEDY. No. This contract that was signed in 1957 was to be in effect from August 1, 1957, to August 1, 1959.

Mr. CLINCH. On the face of it, purportedly; yes. There is an ambiguity. But the intent, as I understand it, and I did not negotiate it, was a 2-year contract; yes.

Mr. KENNEDY. Yet you signed this contract with Mr. O'Brien in February of 1959?

Mr. CLINCH. You keep saying February, and there are two signatories. The contract basic which I refer to as a ratification of the working agreement—the contract itself, subsequent to October 6, that contract and the testimony of record, and then on February 5, an extension of the same thing, I signed both of those; yes.

Mr. KENNEDY. How could you sign a contract with Mr. O'Brien when you already had in existence a contract signed by Mr. Matual?

Mr. CLINCH. I think it is a matter of law. I know we are not here to adjudicate. But if I may have the documents, I will try to point out briefly what was behind my reasoning and analysis as a matter of law. I may have been mistaken.

(The document was handed to the witness.)

Mr. CLINCH. For the information of the Chair and the chief counsel, I am not attempting to adjudicate the merits of the contract, but I am willing to go ahead.

The CHAIRMAN. You can state your position on it.

Mr. CLINCH. I will be brief. I don't want to elaborate. It was my considered opinion as a lawyer that the injunction that issued on

October 17, 1957, was a bar, a legal bar, to any negotiations by any member affiliated with the International Brotherhood of Teamsters, Warehousemen, Chauffeurs & Helpers of America, and that no one was in a position to negotiate any contracts because of the existence, that is, without contempt and legally binding, without a dissolution of that injunction.

That document would have to be here, but it was broad. It prohibited all members of the International Brotherhood of Teamsters, Warehousemen, Chauffeurs & Helpers of America from negotiating with any employer, among many other prohibitions.

I was not of record in the case; I was not interested. But that was entered on October 17, 1957. I took the position that it was illegally negotiated first, that is one point, on interpretation of it with the clause about the expulsion of the Teamsters.

It is my recollection that Mr. Matual insisted that there had occurred a condition subsequent which rendered this particular contract void as a contract evidenced in writing, that it was in existence but nonoperative as far as the written contract.

Mr. KENNEDY. Can I have the contract back?

One, that the contract was ad initio illegal, and second, that the provision in the contract made it illegal?

Mr. CLINCH. Right; as an opinion of a lawyer.

Mr. KENNEDY. It says:

If the Teamsters International Union is expelled from the AFL-CIO Federation, then this contract with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, now AFL-CIO, shall terminate as of same date of expulsion—

but it does not end there—

but this contract shall be in full force and effect from August 1, 1957, to August 1, 1958, by any other union our drivers may choose for their bargaining agent.

Mr. CLINCH. Right, so it is in and out and it is a contract construction. It admits of that; yes.

Go ahead, please.

Mr. KENNEDY. The contract was in existence and then to take the steps that you did, without consulting with the employees, you signed a contract with Mr. O'Brien. That is the question.

Mr. CLINCH. I was of the opinion that we had a working agreement, jurisdiction—I am aware of jurisdictional disputes—and that the Teamsters were the bargaining agent.

Mr. KENNEDY. Mr. Chairman, could we place in the record the contracts made with Mr. O'Brien, the one that was made some time, which date we do not know, and then the other addition to it made on February 5, 1959?

The CHAIRMAN. Mr. Sheridan, I hand you here a document, a photostatic copy of what appears to be a photostatic copy of a contract. Will you examine it and state if you identify it?

Mr. SHERIDAN. I do, Senator.

The CHAIRMAN. What is it?

Mr. SHERIDAN. It is a contract entered into on February 5, 1959, between John T. O'Brien and John J. Clinch, Jr.

The CHAIRMAN. Representing whom?

Mr. SHERIDAN. According to the document, John J. Clinch, Jr., is listed only as vice president of the Star Union Products Co. John

T. O'Brien is acting on behalf of Local Union No. 46 of the Teamsters.

The CHAIRMAN. That document may be made exhibit No. 52.

(Contract referred to was marked "Exhibit No. 52" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. That is the contract dated in February?

Mr. SHERIDAN. February 5, 1959.

Mr. CLINCH. May I inquire with which entity?

The CHAIRMAN. I hand you a photostatic copy of another document and ask you to examine it and state if you identify it.

Mr. SHERIDAN. I do, Senator.

The CHAIRMAN. What is it?

Mr. SHERIDAN. This is an undated agreement entered into between Mr. Clinch and Mr. O'Brien, Mr. Clinch acting on behalf of the Star Union Products Co., Mr. O'Brien acting on behalf of Local 46 of the Teamsters Union.

The CHAIRMAN. That may be made exhibit No. 53.

(Contract referred to was marked "Exhibit No. 53" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You may proceed.

Mr. CLINCH. Are both of those with Star Union Products Co.?

Mr. SHERIDAN. Yes.

Mr. CLINCH. Fine.

Mr. KENNEDY. And the actual contract is undated; is that right?

Mr. SHERIDAN. That is right.

The CHAIRMAN. You asked the question are they both with Star Bottling Co.?

Mr. CLINCH. No. It has been answered. With Star Union Products Co. I was wondering to which you were referring, and I believe the answer was to Star Union Products Co. as employer. I now know which documents have been referred to.

Mr. KENNEDY. We have a letter dated March 11, 1959, from the mayor of La Salle, Ill. I would like to read a paragraph and question the witness about it.

Mr. CLINCH. If I have knowledge.

The CHAIRMAN. You may read it for the purpose of being a premise to your question.

Mr. KENNEDY. On the first page he outlines the problems that existed in connection with this dispute. He says:

Realizing the impact upon our community, a committee was composed of leading citizens. Six meetings were held with the international, with district 50 and with Attorney Clinch who is also secretary of the Star Union Brewery Co. Many things were brought to light and the Citizens Committee, upon their investigation, recommended, with the consent of Mr. Davis, president of the Brewery Workers Union, that district 50 would immediately remove the picket lines, the men would go back to work and that the brewery owners, headed by Attorney Clinch, would apply at once to the National Labor Relations Board for a vote to designate bargaining agent. The Brewery Workers Union and District 50 UMW Union agreed to the recommendation, but the Teamsters International refuse. This would not have made any difference, inasmuch as Mr. Clinch did agree to such proposal at the meeting but the next day refused to go along, proving to the committee that he was either being high-pressured or was taking sides with Teamsters International.

The CHAIRMAN. Are you reading from the letter?

Mr. KENNEDY. Yes.

The CHAIRMAN. You have heard that part of the letter read, Mr. Clinch.

Mr. CLINCH. I have.

Mr. KENNEDY. It goes on to say:

As a result of this stalemate our men are out of work, losses in sales are tremendous and the standing of the community is being jeopardized. It is the opinion of the committee, of which I was a member, that there is something radically wrong in this area with labor and that a thorough investigation is warranted.

The CHAIRMAN. Those are excerpts that the counsel has read of a letter of March 11, 1959, addressed to him, Hon. Robert F. Kennedy, chief counsel of this committee.

Do you wish to make any comment about the contents that have been read?

Mr. CLINCH. Briefly. In part it is correct and in part it is mistaken. I do not desire, unless the committee chooses, to go into the matter. I will submit willingly to anything.

I am not here as an aggressor. I am here as a witness. There are some—I am wholly in accord that there are some statements of fact. But unless the committee is interested to go into my knowledge, I have no quarrel with the letter.

The mayor wrote a letter. But the part to which he refers to about me changing agreement is wrong. If you want to develop it, fine.

The CHAIRMAN. He says there you agreed to it, apparently, at the meeting, and then thereafter, the next day, possibly, you reneged.

Mr. CLINCH. He is mistaken.

The CHAIRMAN. That is not true?

Mr. CLINCH. That is not true. But if you want to develop it and examine me, I will submit.

Mr. KENNEDY. Is it true that everyone went along with the idea that the employees would go back to work and that it would be submitted to the National Labor Relations Board for a vote? Is that true, that that had been agreed to by the United Mine Workers and the Brewery Workers?

Mr. CLINCH. It could have been. But I didn't agree to it. I was presented with that proposal on Friday. The number of meetings I attended was limited to two. I made an inquiry. I was submitted the proposal about the hour of 5 o'clock, on Friday. The newspaper carries it.

I was asked what I thought about it for management, and I said, "Basically it is good. I would like to submit back. We are in a jurisdictional dispute. Will the Teamsters concur?"

Point 1 was that District 50 of the Miners would call off the strike. I said fine.

Point 2, that the men go back to work progressively. To that point, yes.

Third, that we would agree to go before the National Labor Relations Board. On that I said I had one important inquiry: Would the Teamsters concur? Management would proceed before the NLRB, and I still will say we will do so voluntarily, for election remedy, as a petitioner, if we are not caught with the very problem for which this committee is appointed, trying to improve, which I think this committee is spending a good time on and I highly hope you will accomplish it, a long procedure as a petitioner.

And the Teamsters did not give any indication, to my knowledge, that they would or they would not. At least they have not to this date concurred, for an aggrieved case instead of a contested case. But there was no acceptance of the proposal and then rejection the next day.

That is the mayor and I know him well. He is mistaken on that. I did not agree and then reverse my position.

Mr. KENNEDY. He is right on the fact that it was because of your agreement and conferences with the Teamsters that you did not accept it?

Mr. CLINCH. That is not correct. There was no agreement. That question was discussed before the committee, the Citizens' Committee.

Mr. KENNEDY. Why did you reject it, then?

Mr. CLINCH. I didn't reject it. We got to the point of rejection.

Mr. KENNEDY. Have you rejected it now?

Mr. CLINCH. I still will say it is my considered opinion as a lawyer it is the one aspect of us to commit ourselves to be petitioner.

Mr. KENNEDY. Will you agree to have a vote amongst the employees as to whether they want to affiliate?

Mr. CLINCH. I will not deny them a right to vote; no.

Mr. KENNEDY. Will you agree? Will you accept that?

Mr. CLINCH. There is a distinction, not to debate. I took the position, but they are in possession of the right to overcome it, that by striking without arbitration, leaving their jobs, that they severed, that they are not our strikers. I said with full knowledge to this committee if the drivers wish, the five drivers, to return to their jobs, they may do so. Full well, they know they can petition. They can still to this minute go back to their jobs. I am still waiting an indication to put them back to work.

The only issue, if I make myself clear——

Mr. KENNEDY. You don't.

Mr. CLINCH. Is it believe that the company should be relieved of the burden of being a petitioner, which would possibly require 2 years of litigation to the U.S. Supreme Court, by being a petitioner. But we will submit, and I will say now, unless I am changed in my authority, to any ruling of the NLRB, if we are not in position of the burden, as petitioner. We will be respondent, and I will be happy.

Mr. KENNEDY. When you say "we," do you mean you and the International Brotherhood of Teamsters, or you and the brewery, or the three of you?

Mr. CLINCH. I am speaking only reference thereto "we" in the sense of those in management of Star Union Products Co. I am not talking about "we" in the sense of me and the Teamsters. I have no connection with the Teamsters.

Mr. KENNEDY. Except that you receive money from them. That is a little connection.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

Mr. CLINCH. Am I excused?

The CHAIRMAN. You may stand aside.

Mr. KENNEDY. Mr. O'Brien.

The CHAIRMAN. Mr. O'Brien has been previously sworn.

TESTIMONY OF JOHN T. O'BRIEN, ACCOMPANIED BY COUNSEL,
EDWARD J. CALIHAN, JR.—Resumed

MR. KENNEDY. Mr. O'Brien, can you tell us about the situation as far as the trusteeship imposed on Mr. Matual's local in Peru?

MR. O'BRIEN. Mr. Kennedy, I respectfully decline to answer because I honestly believe the answer may tend to incriminate me.

MR. KENNEDY. Was this backed by Mr. James Hoffa originally?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Did you receive the \$5,000 that was sent to you by Mr. Harold Gibbons?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Was Mr. Gibbons one of those who was trying to stifle the democratic procedures within the union?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Why would so much money be spent by the International Union to try to take over this local, Mr. O'Brien?

MR. O'BRIEN. Mr. Kennedy, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

THE CHAIRMAN. Have you anything good to say for your union?

MR. O'BRIEN. I respectfully decline to answer because I honestly believe the answer might tend to incriminate me.

THE CHAIRMAN. It might. All right. You may stand aside.

MR. KENNEDY. Mr. Chairman, could I say for the record that the people who were responsible for the investigation of Mr. O'Brien and Mr. Glimco were Mr. Alphonse Calabrese and Mr. Jack Balaban, who have been with the committee a long period of time. They were helped by Mr. John Williams, Walter Malone, Joseph Gordon, and Wally Sturtz, as well as Mr. James Mundie, Mr. Leo Nulty, and Mr. Martin Uhlmann; also Miss Ethel Appel from the Department of Labor. Mr. Walter Sheridan handled the investigation in connection with Peru, with the help of Mr. Carl Schultz.

THE CHAIRMAN. They all have the thanks of the committee, and I am sure, of the public.

The committee will now recess until next Monday at 2 o'clock.

(Members of the Select Committee present at the taking of the recess were Senators McClellan and Church.)

(Whereupon, at 4:55 p.m., the committee recessed, to reconvene at 2 p.m., Monday, March 23, 1959.)

APPENDIX

CERTIFICATE

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

Claud S. Gillespie, being first duly sworn, says that he is Secretary of Occidental Life Insurance Company of California and certifies that the attached photostats are true and correct copies of the following listed letters and contained in the files of said Company:

1. Letter from John T. O'Brien, dated March 16, 1955, to Allen Creitz.
2. Letter from J. P. Dandy, Vice President of Occidental Life Insurance Company of California, dated March 22, 1955, to John T. O'Brien, Trustee, Health and Welfare Fund, Local No. 710.
3. Letter from J. P. Dandy, Vice President of Occidental Life Insurance Company of California, dated April 28, 1955, to John T. O'Brien, Trustee, Health and Welfare Fund, Local No. 710.
4. Letter from Harry F. Chaddick, Chairman, Trustees of the Health and Welfare and Pension Funds, dated November 7, 1956, to J. P. Dandy, Vice President, Occidental Life Insurance Company of California.
5. Letter from J. P. Dandy, Vice President of Occidental Life Insurance Company of California, dated December 6, 1956, to the Boards of Trustees of the Highway Drivers and Dockmen's Health and Welfare Funds, Local No. 710.
6. Letter from J. P. Dandy, Vice President of Occidental Life Insurance Company of California, dated December 20, 1956, to the Board of Trustees, Highway Drivers and Dockmen's Health and Welfare Funds, Local No. 710.
7. Letter from Harry F. Chaddick, Chairman, Local Union No. 710 Health and Welfare and Pension Funds, dated December 18, 1957, to Harland R. Maris.
8. Letter from J. P. Dandy, Vice President, Occidental Life Insurance Company of California, dated January 10, 1958, to Harry F. Chaddick, Chairman, Board of Trustees, Highway Drivers & Dockmen's Health and Welfare Fund, Local No. 710.

9. Letter jointly signed by J. P. Dandy, Vice President, and E. S. Jensen, Assistant Secretary, dated April 7, 1958, to the Trustees of the Meat and Highway Drivers, Dockmen, Helpers and Miscellaneous Truck Terminal Employees Health and Welfare Funds, Local No. 710.
10. Letter from Harry F. Chaddick, Chairman, Local Union No. 710 Health and Welfare and Pension Funds, dated April 11, 1958, to J. P. Dandy, Vice President, Occidental Life Insurance Company of California.
11. Letter from Harry F. Chaddick, Chairman, Local Union No. 710 Health and Welfare and Pension Funds, dated April 11, 1958, to J. P. Dandy, Vice President, Occidental Life Insurance Company of California.
12. Letter jointly signed by J. P. Dandy, Vice President, and E. S. Jensen, Assistant Secretary, dated April 14, 1958, to the Trustees of the Meat and Highway Drivers, Dockmen, Helpers and Miscellaneous Truck Terminal Employees Health and Welfare Funds, Local No. 710.

Subscribed and sworn to before me
this 9th day of April,
1959.

Laura J. Zoll
Notary Public in and for said
County and State

LAURA J. ZOLL

NOTARY PUBLIC in and for the County
of Los Angeles, State of California.
My Commission Expires April 8, 1962

Claud S. Gillespie
Claud S. Gillespie

Office of the Trustees HEALTH AND WELFARE FUND

TRUSTEES ...

Employer Group
BARNEY CUSHMAN
EARL H. CANNON
HARRY CHADDICK, Chairman

Union Group
JOHN T. O'BRIEN
FRANK BROWN
FRANK SCHMITT, Secy.-Treas.

Local Union No. 710

Telephone CLOffice 4-6742
4217 South Halsted Street
..... Chicago 9, Illinois

March 16, 1955

Mr. Allen Creits
Regional Group Supervisor
Occidental Life Insurance Co.
1 W. LaSalle St.
Chicago, Illinois.

Dear Allen:

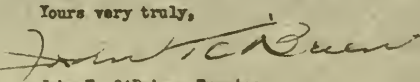
As we will be increasing benefits for our members we are interested in obtaining from Occidental the best possible retention we can get.

We want you to base your retention on \$900,00.00 annual premium and also on \$1,000,000.00. We are interested in the base retention that Occidental charges, itemized as to tax, profit and other figures which comprise said retention. DO NOT include any brokerage fees in these figures.

Figure the retentions on the basis that we will assume all office administration expenses and salaries. Then give us the additional percentage charge if Occidental retains the administration expense and salaries.

Your prompt attention in this matter is requested.

Yours very truly,



John T. O'Brien, Trustee
Health and Welfare Fund

JTO:ef

March 28, 1955

Mr. John T. O'Brien, Trustee
Health and Welfare Fund
Local Union No. 710
4217 South Halsted Street
Chicago 9, Illinois

Dear Mr. O'Brien:

Allen Greiss has forwarded to me your letter of March 16 in which you request the best possible retention which Occidental can give on Policies 2773-LDAH and 3571-LDAH. We have just completed a very thorough study of our retention formula and have arrived at a formula which will be put into effect very shortly. In arriving at this formula, we have assessed the expenses of running our Group Division in an equitable manner according to the size of the premiums under the various group policies in force and have reduced the factor of profit and risk sharing to the minimum which we feel possible. Since both the premium taxes and the risk sharing factor vary with the claims ratio, our new formula produces a retention which increases gradually as the claim ratio increases.

I am setting out below the retention which we are willing to make effective on May 1, 1955 based on claim ratios of 60%, 70%, 80% and 90%. The retention for any claim ratio between these figures would be in proportion. In accordance with your request, the retention is quoted without brokerage fees of any kind and without any allowance for expenses of paying claims and issuing certificates. It will be necessary to add the amount of the brokerage fee to the retentions quoted below and if Occidental bears the expense of the claim payment and certificate issue, it will be necessary to add the actual cost of this function. I believe the cost would be somewhere between 1.75% and 2.00%.

The retentions are as follows:

1. Assumed premium \$700,000	Claim Ratio			
	60%	70%	80%	90%
Occidental Expenses	1.84%	1.84%	1.84%	1.84%
Premium Tax	1.56%	1.80%	2.05%	2.29%
Profit and Risk Sharing	1.12%	1.71%	1.80%	1.66%
	4.52%	4.97%	5.39%	5.81%

FILE

OD. ☒
COR. ☐
FOL. ☒

Policy 2773 LDAH

Mr. John T. O'Brien --2

March 22, 1955

2. Assumed premium \$1,000,000

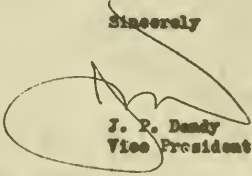
Claim Ratio

	60%	70%	80%	90%
Occidental Expenses	1.82%	1.82%	1.82%	1.82%
Premium Tax	1.56%	1.80%	2.05%	2.29%
Profit and Risk Sharing	1.11%	1.27%	1.44%	1.61%
	4.49%	4.91%	5.33%	5.75%

Since the estimated amount necessary for the claim reserve is held as a separate fund, the claim ratio is obtained by using the ratio of claim drafts actually cashed by Occidental in any period to the premiums received by Occidental for the same period. As stated above, the retention for loss ratios in between those shown is obtained by interpolation. For example, for a 75% claim ratio with a premium of \$900,000, the retention would be half way between 4.97% and 5.39%, or 5.18%.

I am asking Allen Greits to deliver this letter so that in the event I have not completely clarified all the points in it, he will be able to explain them to you.

Sincerely



J. P. Dandy
Vice President

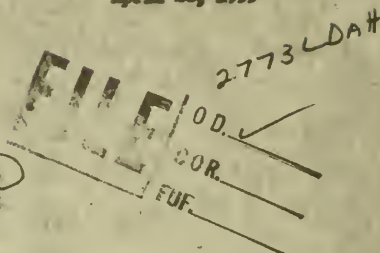
JPD/v

cc: Mr. Harland Maris

April 28, 1955

Mr. John T. O'Brien, Trustee
Health and Welfare Fund
Local Union No. 710
4217 South Halsted Street
Chicago 9, Illinois

Group Policies 2773-LDAN
and 3571-LDAN



Dear Mr. O'Brien:

In my letter of March 22, I stated the retention percentages which would be applicable under the above policies for the period commencing May 1, 1955. These retention percentages varied with the loss ratio and the amount of annual premium and were exclusive of brokerage fees and claim payment and certificate issue expense.

Mr. Maris has asked me to quote the retention percentages which would be applicable if the retention did not vary with the loss ratio. We are willing to quote the following retentions:

Annual Premium

Retention

\$ 900,000

5.50%

\$1,000,000

5.44%

The retention for an amount of annual premium between these two amounts would be obtained by a pro rata calculation.

These retention percentages are exclusive of brokerage fees and claim payment and certificate issue expense. They are independent of the loss ratio and would not change at all whether the loss ratio was low or was high.

Sincerely



Vice President

JPD/v

cc: Mr. Harland Maris
Mr. R. L. Jenkins

Bob Jenkins
Office of the Trustees HEALTH AND WELFARE AND PENSION FUNDS

TRUSTEES...

Employer Group
 BARNEY CUSHMAN
 EARL M. CANNON
 HARRY CHADDICK, Chairman

Union Group
 JOHN T. O'BRIEN
 THOMAS J. EMBGAN
 FRANK SCHMITT, Secy.-Treas.

Local Union No. 710

Telephone CLIfield 4-6742
 4217 South Halsted Street
 Chicago 9, Illinois

November 7, 1956



Handwritten: 11/7/56
 Mr. J. B. Dandy
 Occidental Life Insurance Co. of California
 Financial Center Building
 Oakland 12, California

Dear Mr. Dandy:

Our annual meeting of the Board of Trustees will be held this month and I have been requested by the Trustees to obtain from you a breakdown on the retention of seven percent (7%) being assessed under our Health & Welfare benefit policies with your company. This information is necessary for us in considering the renewal of this policy on its annual date.

In comparing the retention of similar coverage, we find that there is discrepancies that the Trustees can not explain and, therefore, an analysis would be helpful in our deliberation.

I am sending a copy of this letter to Mr. Harland Maris so that he might be advised of this request.

Your immediate consideration will be appreciated.

Sincerely yours,

OFFICE OF THE TRUSTEES
 HEALTH & WELFARE & PENSION FUNDS

Harry F. Chaddick
 Harry F. Chaddick, Chairman

HFC:cl *a*

cc: Harland Maris
 J. T. O'Brien

December 6, 1956

Boards of Trustees of the Highway
Drivers and Dockmen's Health and
Welfare Funds, Local No. 710
4217 So. Halstead Street
Chicago 9, Illinois

F I L E	PCL.
	UND <i>2773-1002</i>
	COMM.
	MISC.
	CORR.
	F. U. F.

Group Policy No. 2773-IDA#

Gentlemen:

In reply to Mr. Chaddick's letter of November 7th, we are
setting out below the breakdown of the 7 percent retention.

Expenses Paid Out -

Commission to Agent	1.30%
Overwrite to General Agent	.20%
Premium Tax to Illinois	2.16%
Federal Income Tax	<u>.60%</u>
	4.26%
Share of Occidental Home Office and Field Group Division Expenses	1.56%
Charge for Allowing Guaranteed Retention	.25%
Margin for Profit and Risk	<u>1.55%</u>
	7.62%
Federal Income Tax absorbed by Occidental. It is partly offset by interest earned on the Claim Reserve	<u>.60%</u>
	7.02%

Mr. Harry F. Chaddick

-2-

December 6, 1956

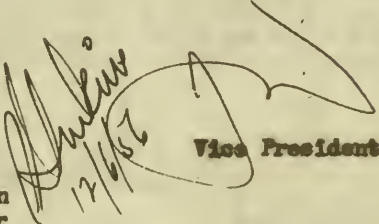
Guaranteed Retention	7.00%
Interest Paid Trustees on Claim	
Reserve	<u>.19%</u>
	6.81%

I trust this gives the information required, if not, please contact me.

Sincerely

RLJ:vj

cc: Mr. E. S. Jensen
Mr. R. D. Carter
Mr. W. W. Wilson
Mr. Harland Maris
Mr. A. L. Creitz - 3001


Vice President

F. U. F.

December 20, 1956

Board of Trustees
 Highway Drivers and Dockmen's
 Health & Welfare Funds Local 710
 4217 S. Halsted Street
 Chicago 9, Illinois

Group Policy No. 2773 IDAN

Gentlemen:

I am setting out below the retention which Occidental is willing to guarantee for the policy year January 1, 1957 to January 1, 1958.

This retention consists of three factors. The first is the actual retention which we retain to cover the share of our Home Office and Field expenses and to provide a margin for profit and risk. The second factor is the taxes which we are required by law to pay to the State of Illinois and to the Federal Government. The third factor is the commission which we pay the agent.

	Annual Premium <u>\$1,100,000</u>	Annual Premium <u>\$1,300,000</u>	Annual Premium <u>\$1,500,000</u>
1. Occidental Retention	2.45%	2.39%	2.33%
2. Taxes			
Illinois	2.16%	2.16%	2.16%
Federal	<u>.87%</u>	<u>.87%</u>	<u>.87%</u>
	3.03%	3.03%	3.03%
3. Commission	1.50%	1.50%	1.50%
TOTAL	6.98%	6.92%	6.86%

Sincerely

Vice President

JPD/v

CC: Mr. Chaddick- 3270 Lakeshore Drive
 Mr. Maris

C O P Y

OFFICE OF THE TRUSTEES

LOCAL UNION NO. 710 HEALTH AND WELFARE AND PENSION FUNDS

4217 S. Halsted Street, Chicago 9, Illinois

December 18th, 1957

Mr. Harland R. Maris
Occidental Life Insurance Company
14th and Franklin Streets
Oakland 12, California

Dear Harland:

The Annual Meeting of the Board of Trustees of this Fund was held on Friday, December 13th, 1957 at which time formal action was taken to approve all operations of the fund for the year of 1957 and the records indicate that our contract with Occidental Life Insurance Company of California expires on January 1, 1958. We are, therefore, notifying you that it is necessary that a new agreement be entered into for the coming year covering Policy No. 2773 LDAH. It would be appreciated if you would request of Occidental Life Insurance Company an immediate commitment for the year 1958 together with a break-down as follows:

Annual Premium	Annual Premium	Annual Premium
<u>\$1,100,000</u>	<u>\$1,300,000</u>	<u>\$1,500,000</u>

1. Occidental Retention

2. Taxes

Illinois
Federal

3. Commission

TOTAL

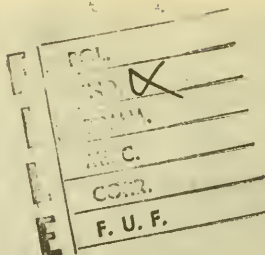
The Directors are very anxious to maintain an efficient and economical operation of this fund and, therefore, request your immediate attention. With kindest regards and a Very Happy Holiday Season to you and yours.

Sincerely,

/s/ Harry F. Chaddick

Chairman, LOCAL UNION NO. 710
Health and Welfare and Pension
Funds

HFC/hnl



January 10, 1958

W D
Under

Mr. Harry F. Chaddick, Chairman
 Board of Trustees
 Highway Drivers & Dockmen
 Health and Welfare Fund
 Local No. 710
 4217 S. Halsted Street
 Chicago 9, Illinois

Group Policy No. 2773-LDAN

Dear Mr. Chaddick:

Harland Maris forwarded your December 18th letter to me and we have considered the retention which we can offer under the above policy.

I am setting out below the retention which Occidental is willing to offer for the policy year January 1, 1958 to January 1, 1959. This exhibit shows the retentions broken down as requested in your letter.

	Annual Premium \$1,100,000	Annual Premium \$1,300,000	Annual Premium \$1,500,000
1. Occidental's Retention	2.45%	2.39%	2.33%
2. Taxes			
Illinois	2.18%	2.18%	2.18%
Federal	.87%	.87%	.87%
3. Broker's Commission	.96%	.96%	.96%
Total	6.46%	6.40%	6.34%

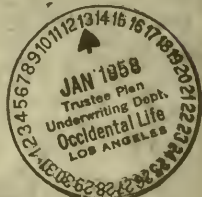
Sincerely

RLJ:vj

cc: Mr. E. S. Jensen
 Mr. R. D. Carter
 Mr. H. C. Franklin
 Rating Refund File
 A. L. Greits
 H. Maris

Maris

[Signature]
 Vice President



April 7, 1958

Trustees of the Meat and Highway Drivers,
Dockmen, Helpers and Miscellaneous Truck
Terminal Employees Health and Welfare
Funds Local Union No. 710
4217 South Halsted Street
Chicago 9, Illinois

Group Policy No. 2773-LDAH

Effective for computation periods commencing January 1, 1958 and after, the first paragraph of item (a) of the letter agreement dated February 14, 1957 is hereby amended to read in its entirety as follows:

(a) The following percentage of such amount as Occidental's retention:

<u>If Aggregate Annual Premium Is</u>	<u>Retention Percentage Each Computation Period</u>	
\$1,100,000.00	6.16%	5.89
1,300,000.00	6.10	5.82
1,500,000.00	6.04	5.77

Except as herein modified, the letter agreement dated February 14, 1957 shall remain in full force and effect.

OCCIDENTAL LIFE INSURANCE COMPANY
OF CALIFORNIA

ACCEPTED:

TRUSTEES OF THE MEAT AND HIGHWAY
DRIVERS, DOCKMEN, HELPERS AND MIS-
CELLANEOUS TRUCK TERMINAL EMPLOYERS
HEALTH AND WELFARE FUNDS LOCAL UNION
NO. 710

By _____

By _____

By _____

By _____

By _____

By _____

By AS Landy
Vice President

By [Signature]
Assistant Secretary

RLJ:LM



OFFICE OF THE TRUSTEES

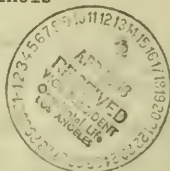
LOCAL

O. 710

Health and Welfare and Pension Funds

4217 S. HALSTED STREET, CHICAGO 9, ILLINOIS • CLIFFSIDE 4-6742

33 North La Salle Street
Chicago 2, Illinois
April 11, 1958



Mr. J. P. Dandy
Occidental Life Insurance
Company of California
1151 South Broadway
Los Angeles 54, California

Dear Mr. Dandy:

Group Policy No. 2773-LDAH

Your letter of April 7 directed to the Trustees was presented to the regular meeting held today and we adopted a resolution authorizing the officers to enter into a contract for the year 1958 commencing with January 1 with the following exceptions.

The retention agreement shall be:

<u>If Aggregate Annual Premium is</u>	<u>Retention Percentage Each Computation Period</u>
\$1,100,000.00	5.94%
1,300,000.00	5.88%
1,500,000.00	5.82%

The changes are the result of an adjustment of broker's commissions from .72% to .50% and is in conformance with a resolution previously adopted by the Board of Trustees to the effect that the Trustees shall not enter into any contracts whatsoever that would exceed a broker's commission of .50%. I explained this to Mr. Harland Maris of Dearborn Insurance Agency and he was in hopes that the Trustees would reconsider, but unfortunately this was not possible.

The above figures have been adopted and a resolution prepared, a certified copy of which will be forwarded to you for your records within the next few days.

Yours very truly,

Harry F. Shaddick
Harry F. Chaddick

HFC:AM

cc: Mr. Harland R. Maris, Oakland
Dearborn Insurance Agency, Chicago



OFFICE OF THE TRUSTEES

LOCAL

710

Health and Welfare and Pension Funds

4217 S. HALSTED STREET, CHICAGO 9, ILLINOIS - CLIFFSIDE 4-6742

33 North La Salle Street
Chicago 2, Illinois
April 11, 1958

*noted
4/14/58*

Mr. J. P. Dandy
Occidental Life Insurance
Company of California
1151 South Broadway
Los Angeles 54, California

Dear Mr. Dandy:

Group Policy No. 2773-LDAH

This is to advise that at a regular meeting of the Board of Trustees, Health and Welfare Funds, Local 710, today, a resolution was adopted appointing Dearborn Insurance Agency, 1 North La Salle Street, Chicago 2, Illinois, as the broker of record on the above policy.

This letter will be your authorization to pay to Dearborn Insurance Agency any commissions now due or that may be due in the future providing they do not exceed that contained in the retention agreement, which provides a broker's commission of .50%.

This letter will rescind any previous instructions to you regarding broker's commissions.

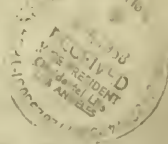
Sincerely yours,

Harry F. Chaddick

HFC:AM

Harry F Chaddick

cc: Mr. Harland Maris, Oakland
Dearborn Insurance Agency, Chicago



cc: Mr. E. S. Jensen
 Mr. J. W. Rush
 Miss Faye Baker
 Mr. A. L. Creits - 3001
 Retention Book

April 14, 1958

Trustees of the Meat and Highway Drivers,
 Dockmen, Helpers and Miscellaneous Truck
 Terminal Employees Health and Welfare
 Funds Local Union No. 720
 4217 South Halsted Street
 Chicago 9, Illinois

Group Policy No. 2773-IDAN

Effective for computation periods commencing January 1, 1958 and after, the first paragraph of item (a) of the letter agreement dated February 14, 1957 is hereby amended to read in its entirety as follows:

- (a) The following percentage of such amount as Occidental's retention:

<u>If Aggregate Annual Premium Is</u>	<u>Retention Percentage Each Computation Period</u>
\$1,100,000.00	5.94%
1,300,000.00	5.88%
1,500,000.00	5.82%

Except as herein modified, the letter agreement dated February 14, 1957 shall remain in full force and effect.

HCF:vj

ACCEPTED:

TRUSTEES OF THE MEAT AND HIGHWAY
 DRIVERS, DOCKMEN, HELPERS AND
 MISCELLANEOUS TRUCK TERMINAL
 EMPLOYEES HEALTH AND WELFARE
 FUNDS LOCAL UNION NO. 720

OCCIDENTAL LIFE INSURANCE COMPANY
 OF CALIFORNIA

By

[Signature]
 Vice President

By

[Signature]
 Assistant Secretary

By _____

By _____

By _____

By _____

By _____

By _____

AFFIDAVIT

STATE OF CALIFORNIA)
) SS
 COUNTY OF LOS ANGELES)

John P. Dandy, being first duly sworn, says that he is Vice President of Occidental Life Insurance Company of California and further says that:

1. The two original policies issued to insure the members of Local No. 710 as beneficiaries of the Highway Drivers and Dockmen's Health and Welfare Funds were Policy No. 1920-LDAH, which was issued March 1, 1950, and Policy No. 1966-LDAH, which was issued April 1, 1950. Policy No. 1920-LDAH insured the dockmen and Policy No. 1966-LDAH insured the highway drivers. These were the only two policies written by Occidental Life Insurance Company of California which were in force on members of Local 710 prior to April 12, 1951.
2. Said Policy No. 1966-LDAH had only been in force for one year and 12 days on April 12, 1951.
3. The following is shown by Company records to be the experience under Policies 1920-LDAH and 1966-LDAH, combined for the first 12 months of each policy:

Premiums	\$276,601.26
Claims Paid	159,429.12 - 57.64%
Reserve	21,425.50 - 7.75%
Cash Refund	28,552.30 - 10.32%

Subscribed and sworn to before me
 this 9th day of April,
 1951.

Laura J. Zoll
 Notary Public in and for said
 County and State
 LAURA J. ZOLL

John P. Dandy
 John P. Dandy

NOTARY PUBLIC in and for the County
 of Los Angeles, State of California.
 My Commission Expires April 8, 1962

EXHIBIT No. 14A

DATE		AMOUNT	
9-27			
TOTAL OF INVOICES			
LESS DISCOUNT			
TOTAL DEDUCTIONS			
AMOUNT OF CHECK			
LESS			
# INCORRECT RELEASE RETURN NO RECEIPT FROM BANK			

DON MARCIE, INC.
 1215 S. BLUE ISLAND AVE.
 CHICAGO, ILL.

PAY TO THE ORDER OF
 SAVINGS
 FEB 19 1934
 M.G. TELLER

\$100.00
 2/17 1934
 DON MARCIE, INC.

1070
 3

DON MARCIE, INC.
 CHICAGO, ILL.

CENTRAL NATIONAL BANK
 IN CHICAGO
 2-421 CHICAGO, ILLINOIS 2-421

DON MARCIE, INC.
 CHICAGO, ILL.

PAY TO THE ORDER OF
 ANY BANK OR BANKER
 ALL PRIOR ENDORSEMENTS GUARANTEED
 CENTRAL NATIONAL BANK
 2-421 CHICAGO, ILL.

FEB 20 1934 0013

PAY TO THE ORDER OF
 ANY BANK OR BANKER
 ALL PRIOR ENDORSEMENTS GUARANTEED
 FEDERAL RESERVE BANK
 FEDERAL 2-30 CHICAGO, ILL.

2-30

EXHIBIT No. 14B

DON MARCIE INC. 1215 S. BLUE ISLAND AVE. CHICAGO, ILL.		NUMBER 1487
PAY TO THE ORDER OF <i>Taxicab Drivers Union</i>		DATE <i>Dec 31 1955</i>
AMOUNT 500.00		DOLLARS <i>500.00</i>
TO THE CENTRAL NATIONAL BANK IN CHICAGO 2-421 CHICAGO, ILLINOIS 2-421		DON MARCIE, INC. <i>Don Marcie</i>

Taxicab Drivers Union

PAY TO THE ORDER OF ANY BANK OR BANKER ALL PRIOR ENDORSEMENTS GUARANTEED CENTRAL NATIONAL BANK 2-421 - IN CHICAGO 2-421	JAN 19 1955 11111
PAY TO THE ORDER OF ANY BANK OR BANKER ALL PRIOR ENDORSEMENTS GUARANTEED FEDERAL RESERVE BANK OF CHICAGO 2-30	2-30

482864

$$\overline{1856} \mid 05$$

5

EXHIBIT No. 16

Phone: MOORE 6-2222-04

Gro-Mar Construction Co.

WHOLESALE and RETAIL

Schor Glass Co.

NOT INC.

GLAZING CONTRACTORS

Plate and Window Glass - Mirrors and Rough Glass - Metal Store Fronts

1215-1219 BLUE ISLAND AVENUE

CHICAGO 8, ILL.

YOUR ORDER NO.

SOLD TO

Taxicab Drivers Union Locall 777
1213 Blue Island Ave.
Chicago 8, Illinois

C N° 11205

TERMS: NET

Prices Subject to Change Without Notice

Removing all glass and old frames, in entire building
remodeling all front entrances and installing glass brick
in windows as per agreement.

\$2750.00

EXHIBIT No. 20

21 CHICAGO CASES**OCCIDENTAL LIFE
INSURANCE COMPANY
OF CALIFORNIA****PREMIUMS RECEIVED - 3/50 to 2/59 - \$16,544,433.96**

COMMISSIONS AND OTHER FEES PAID BY O.L.I.C.

\$1,015,611.10

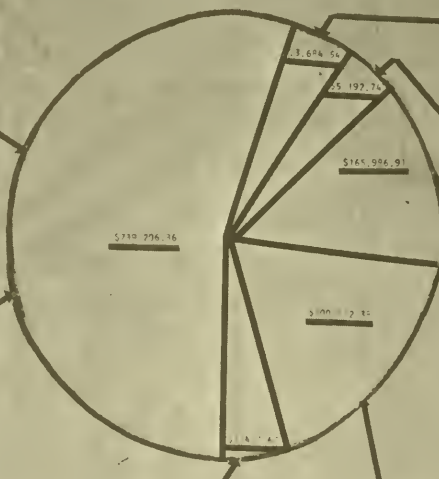
CHICAGO, ILLINOIS

OAKLAND, CALIFORNIA

O.L.I.C. INC.
(INC. 3-3-51)
STOCKHOLDERS
H. MARIS, (PRES.) - - 65 SH.
J. W. HUBBARD, (V. PRES.) - - 26 SH.
ELMER CRANE, (SECY.) - 39 SH.
FRANK KEENAN - - 26 SH.
ALLEN CREITZ - - 39 SH.
TOTAL SHARES 195
CORPORATION DISSOLVED: 5-31-52

O.L.I.C. (PARTNERSHIP)
(CREATED -- 6-1-52)
..PARTNERS..
H.B. MARIS -- 125 INT.
SAL. \$7,200 PER YR.
ELMER CRANE -- 225 INT.
SAL. \$8,000 PER YR.
ALLEN CREITZ -- 225 INT.
SAL. \$8,000 PER YR.
JOHN HUBBARD -- 225 INT.
SAL. \$8,000 PER YR.
CREITZ LEAVES PARTNERSHIP
6-1-52

MISCELLANEOUS BROKERAGE FEE
(CHICAGO, ILLINOIS)



MARIS-SCULLY CORP.
(INC. 1-15-51)
STOCKHOLDERS
H.B. MARIS - - - 85 SH.
C. SCULLY - - - 10 SH.
A. TIPTON - - - 5 SH.
CORPORATION DISSOLVED
12-31-52
ASSIGNMENT OF RIGHTS
12-31-50

H.B. MARIS, INDIVIDUALLY
ASSIGNMENT OF RIGHTS
12-31-51

WHEELER-MARIS COMPANY
(INC. 11-1-51)
STOCKHOLDERS
H.B. MARIS - - 55 SH.
H.W. MARIS - - 40 SH.
A. TIPTON - - 5 SH.

MARIS WRATH
GENERAL AGENCY
O.L.I.C.
EL DONADO BUILDING
OAKLAND, CALIFORNIA

EXHIBIT No. 24

OCCIDENTAL LIFE
Insurance Company of California

Home Office Los Angeles 54

October 6, 1950

Mr. Harland Maris
Financial Center Building
Oakland 12, California

Re: Commission Drivers,
Chauffeurs, Warehouse Helpers
Union, Local 703

Dear Harland:

Today when you called, I was in Frank Brown's office which you found out and then you had some discussion with Frank relative to the above deal.

After our conversation we went through this whole plan and discussed it thoroughly with John Mahoney and Mike Raimondi. They have 1800 eligibles and they are going to buy a Welfare Plan somewhere between \$3.50 and \$4.50 per month.

The next meeting is to be Friday, October 20 and I would like to have you be here for it because there are other discussions that are going to come up, and Frank Brown would like to have you here for that particular part.

Everything else seems to be in order, however, I will let you know if anything else comes up that needs your immediate attention.

Very truly yours,

Allen L. Creitz,
Regional Group Supervisor

ALC:dm

EXHIBIT No. 25

OCCIDENTAL LIFE
INSURANCE COMPANY OF CALIFORNIA
Home Office: Los Angeles

One North La Salle Street, Room 2225
Chicago
Telephone RAndolph 6-2281
Group Department

December 7, 1950

Mr. Harland Maris
Financial Center Bldg.
Oakland 12, California

Dear Harland:

As you no doubt know after receiving my wire, everything appears to be in order on the Hotel Case. I will attempt to give you a brief resume of the meeting.

The Hilton Hotels invited the Trustees, Attorneys and the Insurance Company's representative to attend a special meeting in which the Hilton Hotels agreed to serve a Christmas luncheon.

Brother, was it a luncheon! We had squab baked individually in casseroles, and all you could drink. In fact, everything was superb. I need not go into detail on this, but I will say that Fred Guest really threw a wing-ding.

After everyone drank and ate to their hearts content, the meeting was called to order. Since everybody attending was in such a beautiful mood, Charles Aaron brought up the matter of cost. I gave him my full explanation and wound up, at least I think I did, with everyone in a very good mood, including Blakely and the other members.

The only thing that Charles Aaron brought up was the fact that on these pension cases the carrier absolves the cost of administration. I explained to Mr. Aaron the difference between Group and Pension business and after he understood, everything was in perfect order. I think we can now consider this a closed issue.

I wish that you would some time in the next two or three days, drop Jim Blakely a line and tell him that you are very sorry but you misunderstood there was to be a meeting. Also explain that it is your intention together with Frank Brown and Sandy O'Brien to have a meeting in February which is the end of the first year. At that time accounting details will be given and etc. I think this will be a salvation to the last misunderstanding.

Very truly yours,

Allen L. Creitz
Regional Group Supervisor

EXHIBIT No. 26

January 8, 1951

Mr. Allen L. Creitz
Occidental Life Insurance Company
#1 North La Salle Street
Chicago, Illinois

Dear Mr. Creitz:

Mr. Maris has just made arrangements to meet with Jerry Schultz at 2:30 Monday afternoon, so would like to see Mr. O'Brien and the others on Tuesday morning.

Very truly yours,

Aileen Tipton
Secretary to Mr. Maris

AT
AIR MAIL

EXHIBIT No. 32

OCCIDENTAL LIFE

INSURANCE COMPANY OF CALIFORNIA
HOME OFFICE * LOS ANGELESOne North LaSalle Street, 22nd Floor
Chicago 2

Telephone: RAndolph 6-2281

April 11, 1951

Mr. Harland Maris
Thunderbird Ranch and Country Club
Palm Springs, Calif.

Dear Harland:

I am enclosing an analysis of the claims, by months and by coverage, for the first three months of this year. My main reason for enclosing this information at this time is so that you will be well fortified to discuss the average claims that we are paying. I believe it would be quite safe to assume that we are probably in our high claim period and from all appearances, the cases look good to me. However, I know there are other factors involved, of which you and I are both well aware.

I checked with the Illinois Department today and they informed me that the Union Casualty statement is being delivered from Springfield today. They promised to call me the minute they receive it and even before it is tabbed and approved for filing, they stated I could look at it.

I also reviewed the Occidental statement and notice under the accident and sickness that we show a deficit of \$21,554.06. Our expense factor was \$2,421,074.01. This seems to be about a normal report with the exception of some items that none of us are too well aware of.

I am now waiting to hear from Harry Chaddick about the information you requested me to obtain on the over-the-road drivers. I cannot help but feel that all of the Trustees want us to continue the business, but on the other hand I know that they are looking at the pressure being brought through Hoffa's deal. As soon as I have the chance to discuss all of the facts with Harry Chaddick, I will inform you as to when they want the meeting set, so it will give you ample time to make your schedule.

Yours very truly,

(signed) ALLEN

Allen L. Creitz
Regional Group SupervisorALC:W
Encs.

EXHIBIT No. 33

OCCIDENTAL LIFE
INSURANCE COMPANY OF CALIFORNIA
HOME OFFICE * LOS ANGELES
ONE NORTH LA SALLE STREET, 22ND FLOOR
CHICAGO 2,
Telephone: Randolph 6-2281

April 12, 1951

Mr. Harland Maris
Thunderbird Ranch and Country Club
Palm Springs, Calif.

Dear Harland:

This morning I have had several conversations with Harry Chaddick in reference to the over-the-road group experience. Harry Chaddick finally contacted Roy Pride, who is secretary of the association, and here are some figures that may flabbergast you as they did me.

13 Months' Experience

Premiums	\$1,552,372
Claims paid	406,000 - 26.15%
Reserve	75,000 - 4.83%
Cash Refund	250,000 - 16.1 %

You will see by the above figures that the total amount paid in claims, refunds, and reserves equals \$731,000. Therefore, the amount retained by the insurance company is \$821,372 or an actual percentage of 52.91%. Harry Chaddick was quite put out that he had not received the correct figures to begin with. However, it is pretty hard to understand just what he is driving for in the form of refund or reduced premium.

I called Frank Brown and relayed all this information to him. Frank told me he wanted to see you before you talked to Chaddick and the employers' trustees. Frank indicated that he did not give a damn what Chaddick thought, he was still the one to make the decisions. From this you can certainly see that our position is gradually getting more favorable. Harry Chaddick told me he was going to Washington, D.C. the week of April 23, and, therefore, he would like to get this settled once and for all on Friday, April 20, that is providing you can make it. Frank Brown wants you to see him before you give Chaddick any information. Therefore, I feel that it would be well to clear up this trustee problem on Friday, April 20. Frank Brown is definitely not interested in a reduced premium, even though Harry Chaddick is. I think we could possibly gain a little prestige if we would be in a position to make some sort of an offer on an increased benefit or, in other words, give them a little bellyhoo that they can pass on to the employers.

I feel quite sure that you will want to hide these figures and how authentic they are, I have no way of verifying the actual computations. I checked with the Illinois Insurance Department and the Union Casualty statement has not been received. However, they felt sure it would be in this week. I will again check with them this afternoon and if the figures are here, I will enclose them with this letter. Otherwise, I will mail a copy to your Oakland Office, a copy to Jack Dandy but marked personal for you, and one to the Palm Springs address. In that way, you should be assured of being able to pick up at least one copy in any one of the three places.

Yours very truly,

ALC:W

Allen L. Creitz
Regional Group Supervisor

D1A-1C

EXHIBIT No. 34B

1396

DEARBORN INSURANCE
ADMINISTRATION ACCOUNT

2-50
710

1856

PAY
TO THE
ORDER OF

\$ 50.00

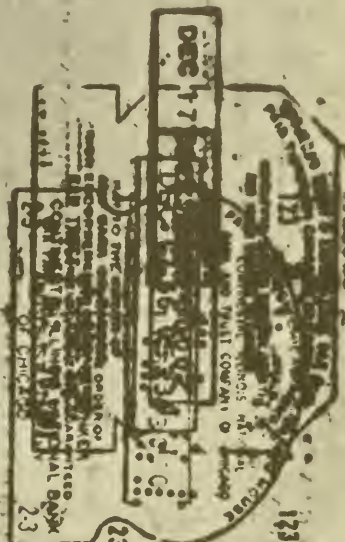
DOLLARS
DEARBORN INSURANCE AGENCY
ADMINISTRATION ACCOUNT

LaSalle NATIONAL BANK
CHICAGO, ILLINOIS



Lawrence Murray

Lawrence Murray



25

D/H

1658

DEARBORN INSURANCE AGENCY
ADMINISTRATION ACCOUNT

PAY TO THE ORDER OF *La Verne Murray*

FIVE HUNDRED & NO/100

1917 2-20 2-10

DOLLARS

THE DEARBORN INSURANCE AGENCY
234 N. WABASH ST. CHICAGO, ILL.

La Salle NATIONAL BANK
CHICAGO, ILLINOIS

La Verne Murray

La Verne Murray

1917 2-20 2-10

THIRTY

THE DEARBORN INSURANCE AGENCY
234 N. WABASH ST. CHICAGO, ILL.

La Verne Murray

DIA ca 67

DIA 1917 2-20 2-10

EXHIBIT No. 36

Chicago Group Department

October 24, 1951

Mr. J. P. Dandy
Vice President
Home Office

Taxicab Drivers, Maintenance & Garage Helpers Union
Local 777
Policy No. 2383 LDAH

Dear Jack:

I have just discussed the eligibility provision as contained in the above Master Policy with Mr. Joe Glimco as it pertains to the full time employees.

Mr. Glimco has just informed me that they are making the Cab Companies pay on part time workers. For example, a driver who drives two days a week must be paid on the same as the full time member. I can see where it is possible to insure these part time workers for all benefits other than Accident & Sickness. One problem that came up is that a lot of these part time workers are full time employees of other concerns and drive for the Cab Companies on weekends.

What I would like you to do is to inform me whether or not Mr. Glimco was within his rights by collecting the premium and then not offering benefits, or whether we should work this out on a modified basis.

I would like to have your suggestions before making any definite statement as to what we will do.

Very truly yours,

Allen L. Greitz,
Regional Group Supervisor

ALC/dm

CC H R MARIS

EXHIBIT No. 49

LOCAL #710 - PAYMENTS TO OFFICERS - 1952-1958

	F.T.Brown President	M.J.Healy Vice Pres.	J.T.O'Brien Sec.Treas.	F.C.Schmitt Rec.Sec.& President	Total	GRAND TOTAL
<u>1952</u>						
Salary	\$ 9,099.96	\$ 9,099.96	\$ 11,700.00	\$ 7,800.00	\$ 37,699.92	\$
Commission	19,134.27	11,480.57	30,614.86	11,480.57	72,710.27	
Accrued Comm.	-0-	-0-	-0-	-0-	-0-	
Vacation	300.00	200.00	300.00	300.00	1,100.00	
Christmas	750.00	500.00	1,000.00	500.00	2,750.00	114,260.19
<u>1953</u>						
Salary	9,099.96	9,099.96	11,700.00	7,844.98	38,349.90	
Commission	11,490.66	16,406.15	39,553.79	23,358.98	90,809.58	
Accrued Comm.	-0-	-0-	-0-	-0-	-0-	
Vacation	300.00	200.00	300.00	300.00	1,100.00	
Christmas	750.00	500.00	1,000.00	750.00	3,000.00	133,259.48
<u>1954</u>						
Salary	9,099.96	9,099.96	11,700.00	9,099.96**	38,999.88	
Commission	-0- *	22,110.97	49,749.66	38,694.17	110,554.80	
Accrued Comm.	-0-	-0-	-0-	-0-	-0-	
Vacation	-0-	200.00	300.00	300.00	800.00	
Christmas	750.00	500.00	1,000.00	750.00	3,000.00	153,354.68
<u>1955</u>						
Salary	9,099.96	9,096.96	11,700.00	9,099.96	38,999.88	
Commission	-0-	25,500.72	57,376.62	44,626.26	127,503.60	
Accrued Comm.	-0-	-0-	-0-	-0-	-0-	
Vacation	-0-	200.00	300.00	300.00	800.00	
Christmas	750.00	500.00	1,000.00	750.00	3,000.00	170,303.48
<u>1956</u>						
Salary	9,100.00	9,099.96	11,700.00	9,099.96	38,999.92	
Commission	-0-	27,113.16	50,061.31	47,448.02	124,622.49	
Accrued Comm.	-0-	-0-	10,943.13	-0-	10,943.13	
Vacation	-0-	200.00	300.00	300.00	800.00	
Christmas	750.00	500.00	1,000.00	750.00	3,000.00	178,365.54
<u>1957</u>						
Salary	9,100.00	11,700.00	12,799.92	11,700.00	45,299.92	
Commission	-0-	27,570.00	15,700.08	47,827.49	91,097.57	
Accrued Comm.	-0-	-0-	47,292.61	-0-	47,292.61	
Vacation	-0-	500.00	500.00	500.00	1,500.00	
Christmas	750.00	500.00	1,000.00	750.00	3,000.00	188,190.10
<u>1958</u>						
Salary	9,100.00	11,700.00	12,799.92	11,700.00	45,299.92	
Commission	-0-	26,308.50	15,700.08	46,039.87	88,048.45	
Accrued Comm.	-0-	-0-	60,694.13	-0-	60,694.13	
Vacation	-0-	500.00	500.00	500.00	1,500.00	
Christmas	750.00	500.00	1,000.00	750.00	3,000.00	198,542.50
	\$100,174.77	\$230,889.87	\$471,286.11	\$333,925.22	\$1,136,275.97	\$1,136,275.97

*Retired effective July 1, 1953 - Emeritus Status thereafter.

**President after Brown retired.

BOSTON PUBLIC LIBRARY



3 9999 06352 032 2

